

## Venture Capital Summer Associate Academy

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### **COURSE DESCRIPTION**

The Venture Capital Summer Associate Academy course provides an overview of venture finance through lectures, interviews with leading venture capitalists, and interactive assessments. Participants will learn the nuts and bolts of venture finance and earn a certificate of completion from Berkeley Law Executive Education. The course examines the economics of U.S. venture capital ("VC") finance with a focus on developing financial models on how various provisions affect investor and founder valuation and cash flows. For example, students will learn how VC contract provisions are designed to protect investors from economic and voting dilution.

### **LEARNING OUTCOMES**

This class is designed to provide an introduction to venture finance as it is used in practice. The course focuses on the application of the terms and processes and the economics of what is included and considered in a standard VC "term sheet." The course aims to provide its students with a core set of practical skills that every venture capitalist, investor, and entrepreneur should master.

### **FORMAT OF CLASS**

This class combines lectures, exercises, and in-person discussions -- delivered online. This class is largely asynchronous, which means that you are not required to participate at the same time and place as other students in the class. Students are encouraged to complete the online tasks according to the suggested weekly schedule. You choose what time of day you are "in class." We recommend setting a daily "class/study time" that fits your schedule and to adhere to it during the course. Students should set aside around 5 hours each week for this course.

During the five weeks of the course, we also offer occasional office hours with instructors to provide opportunities for "live" discussion with them and your classmates that occur at scheduled times.

## **CERTIFICATE ELIGIBILITY**

The class awards a certificate to students who complete all the requirements of the course.

Students must (i) watch all the video lectures, (ii) work through any accompanying exercises, and (iii) read the supplementary materials (except for those marked "optional"). The assessments are meant to be taken in the order in which they are provided on the course platform ("bCourses") and after the students have watched the associated lecture.

The course is designed to be completed within five weeks as reflected in this syllabus. If the student does not complete the course within such time, they will be unable to access the platform and will no longer be eligible for the certificate.

## **INSTRUCTOR OFFICE HOURS AND COMMUNICATION**

As noted above, office hours will be held occasionally during the course.

The office hours are designed to be similar to the experience you would have if you were a student on campus. You can attend (via Zoom) and ask questions you may have about the course, the materials, or the lectures. However, to be respectful of our instructors' time, we will send a weekly reminder of office hours and request students who will be attending to respond by 6 pm the evening prior to the scheduled office hour. If there are no signups, the instructor will not logon.

The class will be notified if the office hours are rescheduled. Communication with the entire class about important course information will be done using bCourses announcements.

## **SPECIAL NEEDS/ACCOMMODATIONS**

If you need disability-related accommodations in this class, please contact us.

## **ACADEMIC INTEGRITY**

The academic rules of Berkeley Law contain an Honor Code. You can read that code here: <https://www.law.berkeley.edu/academics/registrar/academic-rules/academic-honor-code/>. We expect all of our students to adhere to this code scrupulously. If you have any question whether your conduct may violate the code, please contact us in writing before you act. You may face severe consequences, including removal from this program, if you violate the code.

**VENTURE CAPITAL SUMMER ASSOCIATE ACADEMY**  
**COURSE PLAN OVERVIEW**

<b><u>Week One: Introduction to Venture Funds</u></b>	
Module Overview	Adam Sterling highlights learning objectives in this module.
What is a Venture Fund?	Scott James helps answer the deceptively simple question: What is a venture capital fund? In this session, we explore the basics of venture fund structuring and management, including some key implications for entrepreneurs seeking venture investment and investors working at, or hoping to start, a fund.
Investor Perspective: VC Basics	Scott Kupor, Managing Partner of Andreessen Horowitz, shares background, position in the Venture Capital ecosystem, and provides insight in fund structure, when to raise a fund, and the relationship with LPs.
Investor Perspective: When to Raise a Fund	Charles Hudson, Founder and Managing Partner of Precursor Ventures, discusses his fund, fundraising experience, and when to think about raising your own fund.
Investor Perspective: When to Raise a Fund	Will Price, Founder and General Partner of Next Frontier Capital, discusses his fund, fundraising experience, and when to think about raising your own fund.
Investor Perspective: Developing and Deploying an Investment Thesis	Joseph Floyd, General Partner of Emergence Capital, shares details on his firm's investment thesis, how it was developed, how entrepreneurs should think about an investor's investment thesis, and how his firm's investment thesis shapes the strategy for sourcing and closing deals.

Investor Perspective: Developing and Deploying an Investment Thesis	Jan Garfinkle, Founder & Managing Partner of Arboretum Ventures, shares details on her firm's investment thesis, how it was developed, how entrepreneurs should think about an investor's investment thesis, and how her firm's investment thesis shapes the strategy for sourcing and closing deals.
Investment Thesis Summary	Some key takeaways to consider when coming up with or refining your own investment thesis.
<b><u>Week Two: Startup Fundamentals</u></b>	
Module Overview	Adam Sterling highlights learning objectives in this module.
Investor Perspective: Deal Source Strategy	Amit Kumar, Partner of Accel, and Maha Ibrahim, General Partner of Canaan, discuss how to develop a deal funnel, attract/find the best deals, and advice for developing a deal sourcing strategy.
Startup Fundamentals	<p>Taken from Startup@BerkeleyLaw's startup fundamentals course, these sections are taught from the founder's perspective. The course focuses on the legal, financial, and operational issues that founders face. As investors, it is critical to understand the challenges that the founders of your portfolio companies are facing in order to be a good investor, board member (<i>if/when applicable</i>), and advisor.</p> <ul style="list-style-type: none"> <li>• Entity Formation and Operations</li> <li>• HR and Personnel</li> <li>• Introduction to IP Issues <ul style="list-style-type: none"> <li>○ IP Strategy for Startups</li> <li>○ Ownership Issues with IP</li> <li>○ Business Restrictions on IP and Other Common Pitfalls</li> </ul> </li> <li>• Issuing Founders Equity Startup</li> <li>• Raising Money</li> </ul>
Investor Perspective: Startup Diligence	Kate Mitchell, Co-founder and Partner of Scale Venture Partners, discusses how investors (whether they're a lead investor or not) conduct diligence for seed/convertible financings, Series A financings, and beyond, as well as how startups can prepare for the diligence process.
<b><u>Week Three: Introduction to Venture Deals</u></b>	
Module Overview	Adam Sterling highlights learning objectives in this module.

Venture Terms & Processes: Structure	Neil Dugal provides a general overview of the standard structures in venture capital financings, as well as an overview of the history of these structures and how they became commonplace.
Venture Terms & Processes: Convertible Debt and Equity	Having done over 800 convertible note investments, Neil Dugal explains what convertible debt is, and how it is different from convertible equity--or if there really is any difference at all. He will also provide an overview of key legal terms, and what he views as standard.
Investor Perspective: Seed/Convertible Financings	Jeff Clavier, Founder and Managing Partner of Uncork Capital, reviews how investors think about debt vs. equity vs. bridge financings, his sourcing strategy for seed/convertible financings, diligence strategy, and setting up companies for success with follow-on funding.
Venture Terms & Processes: Priced Rounds Part 1	Neil Dugal explains the economic aspects of a priced or equity financing round, such as a Series A or Series B financing.
Venture Terms & Processes: Priced Rounds Part 2	Neil Dugal explains the control/governance aspects of a priced or equity financing round.
Investor Perspective: Priced Round Financings	Patricia Nakache, General Partner of Trinity Ventures, discusses deal sourcing strategies, diligence, and future fundraising efforts for priced round financings, from the perspective of a later/growth stage investor's perspective.
Investor Perspective: Priced Round Financings	Glenn Rieger, General Partner of NewSpring Capital, discusses deal sourcing strategies, diligence, and future fundraising efforts for priced round financings, from an early stage investor's perspective.
Term Sheet Breakdown	Building on his deep dive on VC terms and processes, Neil Dugal guides the student through an Omidyar Network term sheet.
<b><u>Week Four and Five: Venture Deal Economics</u></b>	
Module Overview	Adam Sterling highlights learning objectives in this module.
Modeling the Economics: Historical Venture Capital	Adam Sterling provides an overview of the venture financing lifecycle and explores how startups structure venture capital investments.

Modeling the Economics: Priced Rounds at a Glance	An overview of priced venture financing rounds ( <i>i.e.</i> , preferred stock financing) where startups and investors negotiate a valuation for the business.
Modeling the Economics: Modern Venture Capital Financing and Convertible Rounds at a Glance	An exploration of the modern approach to venture financing where startups "pre-sell" preferred stock to investors in the form of securities intended to convert to preferred stock at a later date.
Modeling the Economics: Cap Table Lab Series A	Adam Sterling utilizes Microsoft Excel to model a hypothetical Series A preferred stock financing.
Modeling the Economics: Cap Table Lab Convertible/Seed	Adam Sterling utilizes Microsoft Excel to once again model a hypothetical Series A preferred stock financing, but this time with convertible securities.
How Deal Terms Impact Valuation: VC Deal Pricing and Anti-dilution Protection	<p>How do venture capital investors price preferred stock financing rounds? In this session, UC Berkeley's Robert Bartlett walks through the method that investors use to determine the stock price paid in a round of financing, as well as the anti-dilution provisions that can cause a preferred stock financing to be "re-priced" in the future.</p> <p>Topics covered include an introduction to the share pricing equation used by investors to price a round of financing, the economic rationale for anti-dilution protection, methods for pricing (and re-pricing) a preferred stock financing in Excel, and the ramification of deal-pricing and anti-dilution protection on post-financing ownership levels of investors and founders.</p>
Modeling the Economics: Advanced Cap Table Topics	What happens when a company stumbles? In this session, Dan Kidle explores the ins and outs of a down round financing, including complex cap table mechanics. Topics covered include convertible bridge financing, mechanisms to incent continued investment from insiders, and modeling a down round financing including anti-dilution protection in Excel.

Modeling the Economics: Exits	You know how many shares you own, but what are they worth? In this session, Dan Kidle demonstrates how to extend a cap table model to include an exit analysis. Topics covered include modeling participating and non-participating preferred stock and comparing term sheet options using Excel.
<b><u>Week Five: Advanced Topics in Venture Capital</u></b>	
Module Overview	Adam Sterling highlights learning objectives in this module.
Public Policies Impacting the Entrepreneurial Ecosystem	From NVCA, Bobby Franklin, President and CEO; Charlotte Savercool, Director of Government Affairs; Jeff Farrah, General Counsel; and Justin Field, Senior Vice President of Government Affairs, discuss the importance of public policies and their impact on venture investors and entrepreneurs and NVCA's role in advocating on behalf of the entrepreneurial ecosystem in Washington.
Corporate Venture Capital	John Somorjai, Executive VP of Corporate Development and Salesforce Ventures at Salesforce, discusses how corporate venture capital (CVC) differs from institutional VC investing, unique opportunities and challenges for CVCs, how CVCs develop their investment thesis and sourcing strategy, and the value CVCs can bring to startups.
Investor Governance	Josh Green, General Partner of Mohr Davidow Ventures, discusses important governance topics from the founder/startup perspective and the VC perspective, including board composition, roles, communications, and conflicts of interest.
Breaking Into Venture Capital	A conversation with Lolita Taub of Backstage Capital on how she broke into venture capital and how Backstage Capital has aligned its mission with its investment thesis to find value.
The Role of Investors and Entrepreneurs to Support Inclusion in the Community	Lilibeth Gangas, Kapor Center, shares insights on the importance of inclusion and community building and advice for ecosystem builders, investors, and entrepreneurs to make an impact.