

## **GBUS 844 ENTREPRENEURIAL FINANCE AND PRIVATE EQUITY**

This course explores a comprehensive set of financial situations that arise in high-growth and high-risk enterprises. It focuses primarily on the investment phase of the private equity cycle and examines the investment strategy, valuation, and structure of ventures in their formative stages prior *to* becoming public companies. A range of enterprises are examined from early stage (venture capital) to late stage (mezzanine financing and buyouts) to provide perspective on how the maturity of an organization influences the nature and structure of financing and valuation. Issues related to the measurement of returns in private equity funds, valuing enterprises at different stages of development, and structuring deals using various forms of financing are covered as well as the analytical methods to better measure performance and value enterprises. Students will examine how each party's view of the value of the enterprise forms a basis for negotiation upon which the percentage of equity participation and the terms of the contract are determined as well as how the pricing and terms depend not only the deal itself but also upon prevailing market conditions. As private equity firms are either rapidly growing or changing organizations, students will learn that there must be sufficient flexibility and appropriate incentives built into the current round of capital raising and the contract terms to carry the firm through its next stage of development.

Academic course objectives:

- Present the perspectives of investors and entrepreneurs from venture capital to buyout firms
- Explore estimation of the returns to investors and entrepreneurs
- Examine valuation of start-up and late-stage enterprises
- Provide explanation of the terminology of venture capital and buyout contracts
- Show deal structure and its connection to valuation and incentives
- Develop greater theoretical understanding of topics in advanced corporate finance.

Elements of the course grade:

Class contribution      35%

Final examination      65%

Web address for additional course information:

[faculty.darden.virginia.edu/chaplinsky/curriculum](http://faculty.darden.virginia.edu/chaplinsky/curriculum)