

Georgia Institute of Technology
Scheller College of Business

Venture Financing Syllabus
MOT 6128
Summer 2026

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"The entrepreneur casts aside his assurance of 40-hour weeks, leaves the safe cover of tenure and security, and charges across the perilous fields of change and opportunity. If he succeeds, his profits will come not from what he takes from his fellow citizens, but from the value they freely place on the gift of his imagination." George Gilder

"Good judgment comes from experience. Experience comes from bad judgment." Walter Wriston

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Objectives:

This is a course with two fundamental objectives. The first is to teach current and future managers and entrepreneurs to use financial perspective in the value creation and enhancement process. The second objective is to teach effective entrepreneurial practice from the perspectives of users and suppliers of capital and other stakeholders.

Course Structure and Contents:

Module 1: Introduction

This module introduces the course on financial decision making for new ventures. After laying out the basics, discusses the various stages of growth for entrepreneurial firms.

Module 2: Business Plan and Business Model

The objective of this module is to provide a discussion of business plans. We will also discuss the business model in an entrepreneurial context. A business model is an array of distinctive choices specifying a new venture's unique customer value proposition and how it will configure activities to deliver that value and earn sustainable free cash flows. We will also use a case to understand some of the decisions faced by an entrepreneur in the early stages of a new venture.

Module 3: New Venture Financing

This section discusses questions such as who the suppliers of the necessary financial resources are, what type of deals should be struck with each of these resource suppliers. The other issues addressed are the criteria these sources utilize and evaluate fund raising proposals, and the legal process involved in raising outside risk capital.

There are four primary factors that influence the source of funds. **Uncertainty** exists about whether the research program or new product will succeed. This in turn affects the willingness of outsiders to contribute capital, the desire of suppliers to extend credit among other things. This often results in the investor staging the capital. **Asymmetric information** may also affect project-financing decisions. Typically, an entrepreneur will know more about the company's prospects than investors, suppliers, or strategic partners. This may result in an entrepreneur pursuing a risky investment strategy or shirking work. The third factor that influences the source of financing is the **nature of**

the assets. Firms with more tangible assets will find it easier to raise external capital. Lastly, **market conditions** often play a very important role in terms of the ability of the firm to raise capital. The supply of capital dramatically varies over time. Currently, it is a lot harder for an internet firm to raise capital.

The type of financing (i.e., debt, equity, or convertible security) used often mitigates some of the potential conflicts. Monitoring and evaluation by investors play a critical role in minimizing these conflicts. Some of the techniques used in this regard include having an active and qualified board of directors. The notes used in this course will provide a useful framework to understand the above issues.

Module 4: Quincy Apparel Case

This case is used to understand how to evaluate an entrepreneurial firm's prospects as they are likely to run out of cash in seven weeks. We try to use the framework provided in the HBS article "Business Model Analysis for Entrepreneurs."

Module 5: Angel Investing, VC Investing and Deal Structure

Discusses the nature of VC firms and angel organizations. Understanding these organizations is important for any entrepreneur who plans to undertake a venture that has potential for rapid growth and for anyone consider making an angel investment or investment in a VC fund. We also discuss the contractual relationship between the entrepreneur and the investor and how financial contracting can be used to benefit both parties.

Module 6: Valuation

In this module, we will discuss different valuation techniques. There are several approaches to valuation. The easiest way to value an early-stage firm is to examine the valuation of another early-stage firm. It could be a challenging task given that it is hard to find valuations of privately held firms. The methods that are covered are i) The Net Present Value Method, ii) Comparable Firm Analysis, and iii) The "Venture Capital Method." We will discuss the strengths and weaknesses of the above techniques through several examples. We will also discuss other qualitative methods. These are i) Chicago Method, ii) Bill Payne Method, and iii) Dave Berkus Method

Modules 7, 8, & 9: Method of Financial Forecasting and Assessing Financial Needs

We introduce basics of financial forecasting, beginning with forecasting revenue and extending to integrated financial statement forecasting. Then we focus on methods of assessing financial needs to enable the entrepreneur to answer the question, “How much money do I need and when do I need it?”

Module 10: Exit Strategies

Exit can take several forms. We will explore modes such as initial public offerings (IPOs) and acquisitions. Successful exits by providers of capital are critical to ensuring attractive returns for investors and, in turn, to raise additional capital. But private equity investors’ concerns about exiting investment can sometimes lead to severe problems for entrepreneurs.

Module 11 : Harvesting – Case – Square IPO

We will explore IPO exit through this case.

Modules 12: Harvesting – Cases – Nantucket Nectars

We will explore the “Sale” exit through this case.

Module 13: Venture Financing Exercise

The purpose of the Venture Financing exercise is to provide the experience of venture capital investing. The goal of the exercise is to review two (2) business plans and determine the

- viability of making an investment,
- reasons for investing or not investing,
- the company and the amount of the investment and
- investment terms.

Grading:

Your grade for the course would be based on your contribution to the classroom discussion (15%), problem set (15%), performance in the venture financing exercise (50%), and the write-up for Nantucket Nectars case. (20%)

Textbook: Entrepreneurial Finance: Venture Capital, Deal Structure & Valuation
Smith and Smith (SS)

Course Notes: Will be available in Canvas by May 9, 2026

Cases and Notes: (Available in Canvas)

How to write a great business plan	HBR 97409
Business Model Analysis for Entrepreneurs	HBS 9-812-096
Quincy Apparel (A) Case	HBS 9-815-067
How Venture Capitalists Evaluate Potential Venture Opportunities	HBS 9-805-019
How Generative AI is Reshaping Venture Capital	H08YMY-PDF-ENG
A note on valuation in private equity settings	HBS 9-297-050
The Venture Capital Method – Valuation	HBS 9-396-090
Square, Inc: The IPO (A)	HBS 9-187-054
Nantucket Nectars	HBS 9-898-171
Gamma: Slides in the Blink of AI	HBS 9-826—001

Academic Integrity

Georgia Tech aims to cultivate a community based on trust, academic integrity, and honor. Students are expected to act according to the highest ethical standards. Review Georgia Tech's Honor Code and the student Code of Conduct. Any student suspected of cheating or plagiarism on a quiz, exam, or assignment will be reported to the Office of Student Integrity, who will investigate the incident and identify the appropriate penalty for violations.

Attendance and Class Participation

Class participation grades will be determined on the basis of participation in the class discussion of the cases. You are required to participate in the class. A necessary (but not sufficient) requirement for participation is presence. If you are not in the class, you cannot have participated. I do "cold call" on individuals.

Accommodations for Students with Disabilities

If you are a student with learning needs that require special accommodation, contact the Office of Disability Services (404-894-2563) as soon as possible to make an appointment to discuss your special needs and to obtain an accommodations letter. Please also e-mail me as soon as possible in order to set up a time to discuss your learning needs.

Student-Faculty Expectations Agreement

At Georgia Tech, we believe that it is important to strive for an atmosphere of mutual respect, acknowledgement, and responsibility between faculty members and the student body. The Student-Faculty Expectations articulate some basic expectations that you can have of me and that I have of you. In the end, simple respect for knowledge, hard work, and cordial interactions will help build the environment we seek. Therefore, I encourage you to remain committed to the ideals of Georgia Tech while in this class.

ASSIGNMENT AND DELIVERABLES SCHEDULE

Due Date/Time	Assignment Name	Group/Individual	Submission Type	Comments
May 9, 2026	Quincy Apparel Case	Individual	No submission	
June 27, 2026	Square Case	Individual	No write up	
	Nantucket Nectars Case	Group	Write up required	
June 27, 2026	Problem Set	Individual	Submission	
July 11, 2026	Venture Financing Exercise	Group	Term Sheet required.	Evaluating Business Plans

Summary Outline of the Course

Module	Date	Description	Remarks
1	Virtual Session (Will be recorded and available in Canvas)	Introduction	Course notes
2	Virtual Session (Will be recorded and available in Canvas)	Business Plan	HBR 97409 HBS 9-812-096
3	Virtual Session (Will be recorded and available in Canvas)	New Venture Financing	Chapter 2 (SS) and course notes
4	5/9/2026 (Saturday)	Quincy Apparel (A) Case	HBS 9-815-067
5	5/9/2026 (Saturday)	Angel Investing, VC Investing, Deal Structure	Course Notes Ch 3, 4 SS HBS 9-805-019
6	6/12/2026 (Friday)	Valuation	Course Notes HBS 9-295-050
7,8,9	Virtual	Methods of Financial Forecasting: Revenues and Assessing Financial Needs	Course Notes Chapters 7,8,9 SS
10	6/27/2026 (Saturday)	Exit Strategies	Course Notes
11	6/27/2026 (Saturday)	Nantucket Nectars	HBS 9-898-171
12	6/27/2026 (Saturday)	Square Case	HBS 9-817-054
13	7/11/2026 (Saturday)	Venture Financing Exercise	Business Plans Evaluation

Date: Asynchronously Recorded Session in Canvas

Module No: 1 & 2

Module Title: Introduction and Business Plan

Module Objectives:

This module introduces the course on financial decision making for new ventures. After laying out the basics, discusses the various stages of growth for entrepreneurial firms. The module also provides a discussion of business plans.

Student's Preparations:

Please watch the recorded video in Canvas **before** the first class on 6/14/2026

Student's Materials:

Course Notes.

How to Write a Great Business Plan by Sahlman (HBR Jul-Aug 97)

Business Model Analysis for Entrepreneurs (HBS 9-812-096)

Student's After-Class Assignment:

None

Date: Asynchronously Recorded Session in Canvas

Module No: 3

Module Title: Obtaining Risk Capital

Module Objectives:

This section discusses questions such as who the suppliers of the necessary financial resources are, what type of deals should be struck with each of these resource suppliers. The other issues addressed are the criteria these sources utilize and evaluate fund raising proposals, and the legal process involved in raising outside risk capital.

Student's Preparations:

Please watch the recorded video in Canvas **before** the first class on 6/14/2026

Student's Materials:

Course Notes, Chapters 2, 3 SSB, HBS 9-805-019

Student's After-Class Assignment:

None

Date: 5/9/2026

Module No: 4

Module Title: Quincy Apparel Case (A)

Module Objectives:

This case is used to analyze frameworks for analyzing a new venture's prospects.

Student's Preparations:

1. What are the root causes of problems confronting Quincy Apparel in December 2012?
2. What could the founders have done differently to avoid or mitigate these problems?
3. What approach should the founders take at Quincy's December board meeting?

Student's Materials:

HBS 9-815-067

Student's After-Class Assignment:

None

Date: 5/9/2026

Module No: 5

Module Title: Angel Investing, VC Investing, Deal Structure

Module Objectives:

Discusses the nature of VC firms and angel organizations. Understanding these organizations is important for any entrepreneur who plans to undertake a venture that has potential for rapid growth and for anyone consider making an angel investment or investment in a VC fund. We also discuss the contractual relationship between the entrepreneur and the investor and how financial contracting can be used to benefit both parties.

Student's Preparations:

Before class, read the material.

Student's Materials:

Course Notes, Chapters 3, 4 SS, HBS 9-805-019

Student's After-Class Assignment:

None

Date: 6/12/2026

Module No: 6

Module Title: Valuation

Module Objectives:

In this module, we will discuss different valuation techniques. There are several approaches to valuation. The easiest way to value an early-stage firm is to examine the valuation of another early-stage firm. It could be a challenging task given that it is hard to find valuations of privately held firms. The methods that are covered are i) The Net Present Value Method, ii) Comparable Firm Analysis, and iii) The “Venture Capital Method.” We will discuss the strengths and weaknesses of the above techniques through several examples. We will also discuss other qualitative methods. These are i) Chicago Method, ii) Bill Payne Method, and iii) Dave Berkus Method

Student’s Preparations:

Read the following handout.

Student’s Materials:

A note on valuation in private equity settings
HBS 9-297-050

Student’s After-Class Assignment:

None

Date: Asynchronously Recorded Session

Module No: 7, 8, and 9

Module Title: Methods of Financial Forecasting: Revenues and Planning and Assessing Financial Needs

Module Objectives:

We introduce basics of financial forecasting, beginning with forecasting revenue and extending to integrated financial statement forecasting. Then we focus on methods of assessing financial needs to enable the entrepreneur to answer the question, “How much money do I need and when do I need it?”

Student’s Preparations:

Please watch the recorded video in Canvas **before** the class on 7/13/2026. The recordings cover chapters 7, 8, & 9

Student’s Materials:

SSB and course notes

Student’s After-Class Assignment:

None

Date: 6/27/2026
Module No: 10
Module Title: Exit strategies

Module Objectives:

Different exit strategies such as IPOs, acquisitions are discussed. We discuss the typical issues an investment banker brings up in taking a firm public.

Student's Preparations:

Before class, read course notes.

Student's Materials:

Course notes

Student's After-Class Assignment:

None

Date: 6/27/2026

Module No: 11

Module Title: Nantucket Nectars

Module Objectives:

To examine the exit decision of a firm through a case.

Please give the write-up before the discussion in the class.

Student's Preparations:

1. What are the pros and cons of remaining independent? Going public? Selling the company?
2. If management decides to consider selling the company, how should they orchestrate the process? Should they hire an investment banker?
3. How would you identify and deal with prospective buyers?
4. What is Nantucket Nectars worth? To whom? Why?
5. If management decides to sell the business, how should they think about their role after the sale?
6. What should management do?

Student's Materials:

HBS 9-898-171

Student's After-Class Assignment:

None

Date: 6/27/2026
Module No: 12
Module Title: Square, Inc. IPO - Case

Module Objectives:

The case is used to illustrate the exit strategy

Student's Preparations:

1. Just a year before the IPO, Square had been valued at \$15.50 a share, implying a post money valuation of approximately \$6 billion. Do you believe that the Series E investors overpaid?
2. Using the data in Exhibit 12a, 12b and 12c, please create a pre-IPO capitalization table, showing the fully diluted shares and their value immediately prior to the IPO at the originally proposed \$12 and revised \$9 share price. Who were the winners and losers from this fall in price from the prior round financing?
3. Do you think the Square underwriters simply underpriced the IPO, or had the pricing strategy been correct, ensuring robust market demand for shares after the IPO?
4. What have been the drivers behind the changing market for IPOs (and late-stage finance) among VC-backed startups over the prior decade? How are these impacting startups, VCs, and employees?

Student's Materials:

HBS 9-817-054

Student's After-Class Assignment:

None

Date: 7/11/2026

Module No: 13

Module Title: Venture Financing Exercise

Module Objectives:

Paraphrasing Kermit the Frog (“It’s not easy being green”) – It is not easy being a venture capitalist. The goal of a venture capitalist is to create a return for the fund shareholders. They accomplish this by investing in young companies they believe will be successful. The investment is measured in dollars and yet, its success is attained through the synergy between the VC and the company.

The purpose of the Venture Financing exercise is to provide the experience of venture capital investing. The goal of the exercise is to review two (2) business plans and determine the

- viability of making an investment,
- reasons for investing or not investing,
- the company and the amount of the investment and
- investment terms.

Working in teams, students will perform an investment analysis of the two business plans, prepare a recommendation of the investment and terms, and present the findings to a panel of venture capital judges.

Additional information will be provided during the semester.