# Course Outline

**Applied** Private Equity and Venture Capital

2014/09 – 2014/12

General Information

Course Number: FINA 695V /2

Credits:

Professor: Nicolas RENAUD

FirstClass: NRENA note: **DO NOT CONTACT ME VIA FIRSTCLASS**

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Applied PE and VC At-a-glance

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| --- | --- |
| Session | Activity |
| Sat 06/09 | Basic financial concepts, PE/VC market overview, source of financing, financing lifecycle, value vs price, WACC |
| Sat 20/09 | DCF, standalone model, LBO model, basic forecasting, valuation methods |
| **Sun 5**/10 | Modeling and Excel, the false god + Process Considerations |
| Sat 18/10 | Mid-Term  |
| Sat 1/11 | Forecasting |
| Sat 15/11 | Advanced issues (WC adjustments, negotiation, financing terms, legal workshop, Governance) |
| Sat 29/11 | Advanced issues (WC adjustments, negotiation, financing terms, legal workshop, Governance) |
| Sat 6/12 | Final Exam |
| Note: the specific content and specifically the order of the different courses is subject to change at teacher discretionEspecially we will have various partners from main Montreal investment funds / lawfirms /investment banks / lending banks coming to talk about their experience and their fund and will adapt to their schedule |

Course objective

This course focuses exclusively on investment into a private company. (and to some extent a public company in an M&A / Take private context).

This course will cover venture capital, growth equity and private equity (more adequately called leverage buyout). Each type of investment provides capital to expanding companies albeit at different stages of the company life. In a typical leveraged buyout transaction, a private equity firm buys majority control of an existing and usually mature firm. This is distinct from a venture capital, in which the investors invest in young (sometimes pre-revenues) or emerging companies, and rarely obtain majority control.

Given the nature of venture capital it is very difficult to “teach” venture capital as many elements are in nature more “art” than science. Still it is my opinion that it is very difficult to be a good venture capitalist without essential technical skills encountered only in larger scale transactions.

As such we ideally aim to provide students with:

1. Solid technical framework to analyze and value companies
2. Introduction to the more advanced concepts of deal making and business plan analysis
3. A “feel” for the art part of venture investing through a series of meeting with Montreal top venture funds partners and other guest speakers

A note for prospective entrepreneurs, the technical part of this course will focus on investments made into companies of a respectable size (i.e. worthy of financial analysis). As such skills gained in this course may not be immediately applicable for you (although it is my opinion that a firm understanding of what investors look for will help you raise money).

Why is this course called **Applied** PE and VC: this course might be less academic than you are accustomed to as I am an investment banking professional and previously worked in a private equity fund. I intend to teach as close to “real life” as possible giving you a solid theoretical framework to analyses situations but also pointing-out the limitations and inherent approximations/judgment calls of our work.

Teaching Method

Lectures covering the principles of valuation and deal making

Discussion around the a private equity simulation game

Invited speakers, in previous years we were lucky enough to have fund managers from Real ventures, Rho Capital, Inovia, Tandem expansion, Novacap and several professionals give guest lectures to the class and we certainly aim to continue to expand our speakers roaster)

Course Evaluation

Evaluation

The final grade for the course will be based on the following components:

Midterm Exam 50%

Group project 50%

Total 100%

Note relative percentages may be adjusted to take into account specific efforts by certain students either for the mid-term or group project although students should not rely on this possibility.

Academic Integrity

The Code of Conduct (Academic) at Concordia University states that the "integrity of University academic life and of the degrees, diplomas and certificates the University confers is dependent upon the honesty and soundness of the instructor-student learning relationship and, in particular, that of the evaluation process. As such, all students are expected to be honest in all of their academic endeavours and relationships with the University."

All students enrolled at Concordia are expected to familiarize themselves with the contents of this Code. You are strongly encouraged to visit the following web address: http://johnmolson.concordia.ca/ugrad/codeofconduct.pdf, which provides useful information about proper academic conduct.

# Feedback and Grading

The objective of this course is to broaden your knowledge and skills in the area of private equity and venture capital. Working through the assignments will enable you to develop a better understanding of this field. Feedback will be provided to you throughout the course.

This class intends to put students into situations as realistic as possible. As such we recognize that in the work place grades are based on performance not effort. There are no “A” students and “B” students, and it is even debatable to say there is “A” work and “B” work. For final project there will be a 1st a 2nd a 3rd etc. Marks will be attributed in that order regardless of the quality of the work 90,85,80,77,73,70

Unless a group work is seriously below expectations we do not anticipate to grade below B-.for the group exam

Mid-term exam will be graded on 100

Letter and Number Grades

The following list provides the equivalent letter and number grades for assignments in this course:

Letter Number

A+ 90 - 100

A 85 - 89

A- 80 - 84

B+ 77 - 79

B 73 - 76

B- 70 - 72

C 60 - 69

F 0 - 59

Note: (i) A final grade of C+ or C- will be rounded off to a C, which is the minimum requirement to pass the course.

There will be a mechanism to reward above average participation in a group