

ECE80G: Creating & Financing Sustainable Startups in a Global Economy

Instructor: Dr. Paul Vroomen

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Office hours: Tuesdays 1:00pm to 3:00pm

Location: TBA

TA: TBA (also Web Master)

email: [TBA](#)

Office hours: TBA

Location: TBA

Class time: Tuesday, Thursday 9:00am-12:30 pm, starting July 26, 2022, ending August 25, 2022

Location: Humanities Lecture Room (Room 206) **[7/26 & 7/28 in Humanities Room 210]**

Class website: <https://canvas.ucsc.edu/courses/55673>

Course Outline:

This course introduces students and prospective entrepreneurs to the ingredients required to successfully create and finance a start-up company or non-profit. Throughout the course particular emphasis is placed on two critical aspects of global business practice:

- 1) the global nature of modern business practice and supply chains and how those affect global well-being;
- 2) The impact on sustainability of global supply chains throughout the lifetime of a product, including its initial conception and design, manufacturing, distribution, consumption and end of life process

You will learn how to build a balanced team, define your product or service, understand your target market and competition, identify, and connect with your customers, build a business plan and create a company pitch to raise financing for your startup. You will also learn the ingredients required for a successful financing campaign. You will apply all these concepts in a session long team project in which you will create a company with your fellow “founders”.

The course is divided into two parts: Part one covers the elements of your company that investors will expect to be in place when you start a funding campaign. This part of the course will enable you to create your company and prepare it for an institutional funding round. Part two discusses the types of investors and deals that are available to entrepreneurs today and reviews the investment process. Part two also reviews the typical terms and conditions that are found in term sheets for priced financing rounds.

Course Objectives:

Upon completion of this course, you will know how to create and secure financing for a startup company or non-profit. Specifically, you will:

- Understand that the purpose of a business is to create value for all stakeholders
- Understand the key elements of a successful startup, emphasizing the team, the market, customers, competition and the product/service.
- Learn how to create a business plan, financial plan and a meaningful and compelling company pitch
- Understand the expectations of investors so that you can ensure that your company is optimally prepared to raise an institutional funding round.
- Understand the financing process and typical financing terms so that you can close your deal in optimal time and with mutually attractive terms
- Understand the ethical dilemmas that arise in a fast changing, global business environment, especially as they affect local communities, and learn strategies to deal with those dilemmas
- Apply all the concepts learned to create a company and finance it.

Team Project:

This course will require you to prepare a financing presentation (The Pitch), backed up by a business plan, in appropriately sized teams to simulate the founders of a startup. Your team will present your pitch to the instructor and TA (representing your prospective investors). Each team will then receive a term sheet which you will analyze and then negotiate with your investors. The team project has four deliverables as shown in the class schedule.

Exams:

Students will complete a midterm and a final exam. The exams are in-class exams. The exams will directly test students on the material from lectures 1-7 (midterm) and lectures 9-15 (final) through case studies that describe situations in which students are required to apply the principles learned in class in a novel situation.

Quizzes:

Students will complete 4 in class quizzes in weeks 1 & 2, and weeks 4 & 5. The quizzes consist of 10 multiple choice questions with a bonus question and will be taken in class on the Canvas website. The quizzes are based on the readings and lectures up to the date of the quiz.

Readings:

You are required to complete the readings listed for a particular lecture prior to the lecture. I will assume that you have read the lecture materials and will expand on the content of the reading for a particular lecture by means of real-world examples and discussions of the reading in class. Keeping up with the reading is critical to be successful in this class. Please make keeping up with the reading a top priority in your time planning for this class.

Evaluation:

In class Quizzes:	20%
Midterm exam:	25%
Final exam:	25%
Project:	30% (<i>Each deliverable is graded and counts 7.5% </i>)

Textbooks:

Required:

- 1) Zacharakis, A., Corbett, A., Bygrave, W., "Entrepreneurship", Fifth Edition, 2020, Wiley
- 2) Feld, B., Mendelson, J. "Venture Deals: Be Smarter than your Lawyer and Venture Capitalist", 4th edition, 2019, Wiley

Recommended:

- 1) Berkery, D., "Raising Venture Capital for the Serious Entrepreneur", 2007, McGraw Hill
- 2) Kim, W., Mauborgne, R., "Blue Ocean Strategy", 2015, Harvard Business School Publishing.

The material presented in this course is not available in a single textbook. I will be illustrating the concepts with real world examples and the material I present may differ from the textbook. So students are strongly advised to take notes in the lectures.

Course Schedule:

In the table below under the "Readings" column, ZCB means "Entrepreneurship" by Zacharakis, Corbett and Bygrave; F&M means "Venture Deals" by Feld & Mendelson

Date	Time (roughly)	Lecture	Topic	Readings	Assignments
26-Jul	9:00am - 10:30am	1	Course context, organization & schedule;	ZCB: P1-12	Teams Assigned
26-Jul	11:00am - 12:00pm	2	Identifying an opportunity; identifying the value proposition of your product or service	ZCB: P.47 - 52; P.71-76	
26-Jul	12:00pm - 12:30pm		Overview of an Intelligent Decision Support System		
28-Jul	9:00am - 10:30am	3	Identifying the serviceable market (TAM, SAM, SOM); analyzing competition	ZCB: P.141-159	
28-Jul	11:00am - 12:15am		Each team presents their company idea		
28-Jul	12:15am - 12:30am		Quiz 1		
2-Aug	9:00am - 10:30am	4	Go to market - reaching your customers (CAC and CLTV)	ZCB: P.120-127	
2-Aug	11:00am - 12:30pm	5	Building & compensating your team	ZCB: P.184-203	
4-Aug	9:00am - 10:30am	6	The Financial Plan & Business Model: introduction to the income statement, cash flow statement and balance sheet	ZCB: 275-292	Deliverable 1 due
4-Aug	11:00am - 12:15pm	7	The Financial Plan & Business Model: constructing your pro forma statements	ZCB: P.275-292	
4-Aug	12:15pm - 12:30pm		Quiz 2		
9-Aug	9:00am - 10:30am		Feedback Deliverable 1; Catch-up/Q&A time		
9-Aug	10:30am - 12:15pm	8	Midterm Exam review		
9-Aug	12:15pm - 12:30pm		Midterm Exam - released in class		Midterm Due <i>Extended to Aug 10</i>
11-Aug	9:00am - 10:30am	9	Company Structure and Legal Considerations ; Patents, copyrights, trade secrets; types of corporations	ZCB: 373-396	Deliverable 2 due <i>Extended to August 13</i>
11-Aug	11:00am - 12:30pm	10	The Pitch - critical components; An example of a \$13M pitch	ZCB: P.224-237	
16-Aug	9:00am - 10:30am	11	Financing for startups: FFF, crowdfunding, angel investors, venture capital; convertible notes; SAFEs	ZCB: P.303-312;P.353-359; F&M: 113-121	
16-Aug	11:00am - 12:30pm	12	How venture capital works	F&M: P.167 - 185	
16-Aug	12:15pm - 12:30pm		Quiz 3		
18-Aug	9:00am - 10:30am		Each team presents their Pitch		Deliverable 3 due
18-Aug	10:30am - 12:30pm		Each team presents their Pitch		
23-Aug	9:00am - 10:30am	13	The term sheet: key economics terms	F&M: P.45-66;	
23-Aug	11:00am - 12:15pm	14	The term sheet: key control terms	F&M P77-88; P.91-102	
23-Aug	12:15pm - 12:30pm		Quiz 4		
25-Aug	9:00am - 10:30am	15	Ethics in Business		Deliverable 4 due
25-Aug	11:00am - 12:15pm	16	Final Exam Review		
25-Aug	12:15pm - 12:30pm		Final Exam - released in class		Final Due