

ENTRE 579 A/B: ANGEL INVESTING
FOSTER SCHOOL OF BUSINESS
UNIVERSITY OF WASHINGTON
FALL 2015 THROUGH SPRING 2016
WINTER 2016 SYLLABUS AND GRADE ALLOCATION

INSTRUCTOR: Susan Preston

CLASS TIME: For Spring 2016 - Monday 6:00 PM to 7:50 PM

CLASS ROOM: For Spring 2016 – Paccar 492

CONTACT INFORMATION: prests@uw.edu C: 206.849.7244

OFFICE HOURS: By appointment

Please Note: This class fulfills your MBA graduation Practical Requirement. To obtain your practicum credits, you must complete the entire year class. Should you not complete all three quarters, you will not earn the Practical Requirement.

COURSE THESIS: The course is called “Angel Investing” but in the entrepreneurship program. How does that work?

The best way to understand your audience is to be your audience. Therefore, as aspiring entrepreneurs, who will need capital to grow your company, you need to understand how investors make decisions. Only a small portion of companies ever receive angel investments and even fewer raise venture capital funding. Being one of the chosen requires not only an innovative idea, but also effective communication of your business, marketing and team. So learning about angel investing through being an angel investor promotes a deeper understanding from the entrepreneurial perspective.

This course is highly experiential. You will all be assigned to an existing angel investor group within the Seattle area – 2 students per group. The school will obtain a membership for each of the groups. You will attend member meetings, participate in due diligence groups and generally interact with group members for the school year.

The course is what you make of it, as an entire group. I will of course lead discussions on numerous topics to help you get started in analyzing companies, but that’s not the primary mechanism by which one really learns; direct experience of researching markets, reviewing technology and talking to entrepreneurs and other investors creates life-long value.

You will be actively working to invest significant capital into new ventures. This includes the entire process from sourcing investments, to evaluating them, and finally closing investment deals with them. Funds in the Dean’s budget have been set aside to allow this class to make an investment, even possibly two, each year. That’s real investments in real companies.

READINGS: While this is an experiential course such that your primary “text” will be the presentations I provide along with the angel group meetings, we will also use one book: [The Lean Startup](#). I will also distribute readings from various sources on business model design, valuation, investor terminology, specific industry trends, and so forth. Most of the presentations will be in the first quarter, to prepare you for evaluating companies.

I had considered assigning my own book as reading material, but the statistics are too dated. I will be using many of the fundamentals from the book, which are still relevant. If would like to have this as an additional reference document (extensive appendices), you are welcome to obtain as well, but required:

http://www.amazon.com/Angel-Financing-Entrepreneurs-Early-Stage-Long-Term/dp/0787987506/ref=sr_1_1?ie=UTF8&qid=1411506229&sr=8-1&keywords=susan+preston

LEARNING OBJECTIVES: Because this is a course within the entrepreneurship program, our learning objectives reflect our ultimate goal of creating first-class entrepreneurs:

1. Understand factors that influence a company's success or failure: external and internal.
2. Identify and define ways to increase likelihood of success for a start-up company.
3. Develop and refine your ability to communicate and persuasively make the case with entrepreneurs and/or co-investors for or against investing.
4. Understand trends and influencers in entrepreneurship and venture investing.
5. Be prepared and competent in your understanding of the investment process to apply it to your own entrepreneurial aspirations.

GRADING FOR FALL QUARTER 2015:

Diligence Memo for Angel Group:

During the quarter, you will select a company diligence team to join as part of your angel group. The company cannot be one selected for any activity in class. As part of the diligence team, you will select three issues to research and produce a report for your diligence team members. The members will be provided with a scoring sheet to assess your issue analysis. This will be worth 25% of your grade.

Investment Memo:

For each company that you progress with, you will need to produce an investment memo. We will review these in detail and re-work them regularly. These memos will be the process by which you apply your understanding of angel investing and thereby learn further. This process will be done in teams with various team members assigned to different sections of the analysis. This will be worth 25% of your grade.

Investment Presentation:

For each company diligenced, you must give a presentation on your findings. If at least two teams have companies they believe will make a good investment, your final presentation will be made to the Advisory Committee to pitch for their opinion on investability. This will be worth 20% of your grade.

Class Participation:

Showing up and participating in discussions is essential. We will constantly be sharing information we discover at our angel group meetings, through research projects, etc. To maximize your and your fellow classmates learning, we need consistent participation. This will be worth 15% of your grade.

Final Exam:

Your final exam will include learnings from spring quarter, as well as learnings from prior quarters which reflect work conducted during the quarter. This will be worth 15% of your grade.

Final course grades are subject to grade distribution guidelines set by the Foster School of Business for MBA courses. This is intended to produce an equitable distribution that ensures academic rigor and offers accurate feedback to students regarding their academic performance relative to their peers in the same cohort. The median grade is expected to be 3.5 for MBA courses in the Foster School of Business.

COURSE POLICIES:

- Self-motivated hard work is the rule of the day. Excuses are irrelevant.
- Late submission of projects will be assessed at a 20% lower grade level.
- Attend all classes. Notify me, via email, of an absence at least one day before the absence occurs.
- Don't pass off the work of others as your own. Always be honest.
- Treat all classmates and their opinions with respect.
- We will handle A LOT of private information from private companies. We will discuss real people in evaluative ways. We will be actively reaching out to people to learn more. All of these interactions must respect privacy and be professional. When you're not sure if something is appropriate, ask me first.
- I am always reachable; contact me anytime you are working on something and need assistance.

- We will observe the Foster School of Business Honor Code:
<http://www.foster.washington.edu/academic/mba/currentstudents/Pages/honorcode.aspx>

COURSE FORMAT: This is a small class, so your engagement at all times will make it more valuable for you and the entire class. Please do not use personal electronic devices, other than as related to classroom activities. This is an important concern for the class since the level of learning depends on everyone's participation and engagement. This is your class – make the most of it.

While many classes will be limited to students and instructor, we will have regular guest speakers including successful entrepreneurs, investors, professional advisors, university representatives, etc.

SCHEDULE: The following is subject to change, but I will give prior notice for any modification which impacts assignments and deliverables. All classes are from 6:00 to 7:50 PM.

Class	Topic	Prep For That Week	Activity
March 28, 2016	<ul style="list-style-type: none"> • Syllabus • Angel group reports • Review final • Discuss possible companies for diligence • DD project with angel group 	Attend angel groups; Consider companies for possible diligence	Presentation; Class discussion; Angel group reports; Discussion of possible companies for diligence
April 4, 2016 6:00 to 7:50 PM	<ul style="list-style-type: none"> • Valuation exercise • Angel group reports • Discuss possible companies for diligence 	Do preliminary diligence on companies for discussion	Presentation; Class exercise; Class discussion; Angel group reports
April 11, 2016 6:00 to 8:30 PM	<ul style="list-style-type: none"> • Guest speaker: Josh Maher – angel investor • Go-to-market strategy • Realistic sales projections • Angel group reports • Determine go/no go on current companies 	Discussion of current companies under diligence	Class discussion; Be prepared to ask questions of guest speaker (one of your advisory board members); Angel group reports
April 18, 2016 6:00 to 8:30 PM	<ul style="list-style-type: none"> • Guest speaker: Derek Streat - C-SATS • Angel group reports • Diligence work – report on status 	Have diligence well considered and report on any meetings with company and others	Report on diligence activities; Be prepared to ask questions of guest speaker; Angel group reports
April 25, 2016 6:00 to 8:30 PM	<ul style="list-style-type: none"> • Guest speaker: Venture Capitalist – Tim Porter (Madrona) • Angel group reports • In-class diligence work 	Report on diligence status and current issues	Angel group reports; Be prepared to ask questions of guest speaker
May 2, 2016	<ul style="list-style-type: none"> • Guest speaker: Impact Investing – Mike Cadigan (Social Venture Partners) • Angel group reports • In-class diligence work 	Report on diligence status and current issues	Angel group reports; Be prepared to ask questions of guest speaker
May 9, 2016	<ul style="list-style-type: none"> • No in-person class. Take this time to conduct diligence work and complete first draft of presentations 		
May 16, 2016	<ul style="list-style-type: none"> • Practice presentations 	Investment memos will be due at end of week	Pitch your company to the class
May 23, 2016	<ul style="list-style-type: none"> • Presentation to Advisory Board on companies for investment 	Be ready to present to Advisory Board	Presentation
May 30, 2016	<ul style="list-style-type: none"> • No class – Holiday 		
TBD	<ul style="list-style-type: none"> • Post-mortem on Advisory Board presentations • Decision on investment 	Be prepared to make investment decision	Investment decision; Final exam

	• Final exam		
--	--------------	--	--