



MBA 7800 Entrepreneurship and Financing New Business Ventures

Faculty Profile

Professor Oglevee is the former Executive Director of the Fisher Executive MBA Program and teaches in the Executive MBA, Full and Working Professional MBA and Undergraduate programs. His courses include venture capital, private equity, financial modeling, corporate finance, entrepreneurial finance, futures and options, investments and personal finance. He also teaches a variety of specialized finance classes within Fisher College's Executive Education program.

Professor Oglevee has been honored with the Daniel Westerbeck Pace Setters Award for Graduate Teaching, the College's highest teaching award. He had been recognized as the Outstanding Professor in the Executive MBA, Working Professional and Undergraduate Programs numerous times and was the recipient of The Ohio State University Career Services Award.

Prior to teaching, Professor Oglevee was an entrepreneur within the wireless sector and spent three years in venture capital and nine years on Wall Street holding positions at Morgan Stanley, Merrill Lynch and Oppenheimer. He consults regularly with early stage management teams on financing, valuation and business plan development to assist companies in becoming "Venture Ready."

Course Description

The course content will be useful to managers and students with a wide variety of career goals and objectives. These include starting a business, investing in a startup business, working with venture capitalists, or working in or with business development and corporate finance in established businesses. In addition the material is highly relevant for managers in organizations considering spinning out existing business units or working in/with Corporate Venture Capital.

The objective of this course is to provide students with the opportunity to develop an understanding of the role and challenges associated with being an Entrepreneur and starting or buying a business. The concepts of this class can also be applied by those of you who may become Angel Investors and take equity stakes in early stage companies. We will delve into various strategies and nuances surrounding the pitching of an idea, raising/timing of capital infusions and valuation/exit strategies. Once students are familiar with some of the more technical components facing Entrepreneurs and early stage Investors, we will shift to what I view as the most critical part of the course which is providing the student with real world insight into the trials and tribulations of Entrepreneurship and Angel Investing so that those of you who may consider starting your own business, investing in or joining an existing early stage business will be in a position to make an informed decision concerning the risk and rewards for these often risky ventures. To provide this insight, we will examine a plethora of case studies and hear firsthand from entrepreneurs who have taken the plunge into entrepreneurship and either started their own companies or bought an existing business.

Statistically, I recognize that only a small number of students will choose an entrepreneurial path. However, I believe that the concepts and lessons associated with this class can be used to create value for every student upon graduation as an independent consultant (or capital provider i.e., Angel Investor) to future Entrepreneurs and early stage companies (for example, when approached by friends and colleagues) seeking help on outside ideas/projects where they value the students overall Executive MBA and business expertise.



Learning Objectives

1. Starting a Company, "Company Formation"
2. Idea Generation, "Pitching an Idea"
3. Fundamentals of Angel Investing, "Accredited Investors"
4. Valuing an Early Stage Company, "Pre vs. Post Money"
5. Capitalization Tables, "Score Keeping"
6. Fundamentals of Venture Capital, "Startup Capital"
7. Company Exits, "Sale, IPO, Liquidation"
8. Becoming an Entrepreneur, "Risks vs. Rewards"

Required Materials

1. **The Choice of Business Entity: Corporate, Pass-Through & Disregarded... (UV5219)**
2. **A Note on the Legal and Tax Implications of Founders' Equity Splits (9-809-110)**
3. **Ownership, Control, and the Role of Equity in New Ventures (UV8138)**
4. **How to Make Your Case in 30 Seconds or Less (C0201E)**
5. **Note on Angel Financing (E440)**
6. **A Note on Pre-Money and Post Money Valuation (A&B) (9-801-446)**
7. **Convertible Notes in Seed Financings (9-813-017)**
8. **A Note on Private Equity Securities (9-200-027)**
9. **A Note on Valuation of Venture Capital Deals (E-95)**
10. **Funding New Ventures: Valuation, Financing and Capitalization Tables (9-806-058)**
11. **Process of "Going Public" in the United States (9-105-016)**
12. **Boards for a New Venture: Putting Together Boards and Working with Them (UV2016)**
13. **Case: Public Data Systems**
14. **Case: A Dilemma, the Sole or Onglet?**
15. **Case: Newco**
16. **Reference Material: Recognizing and Shaping Opportunities (8056)**
17. **Reference Material: Developing Business Plans and Pitching Opportunities (8062)**
18. **Reference Material: Financing Entrepreneurial Ventures (8072)**

Student Evaluation

This course is highly discussion oriented and interactive. To gain the knowledge base offered by this course you must come to class fully prepared. Full preparation means that you have read the materials carefully, perhaps several times, and conducted the relevant financial analysis in detail. Further, you should be prepared to make a recommendation for the decision at hand and be able to support your recommendation with data and analysis.

Individual	Apr 09	Presentation "The Pitch"	10%
Individual	By Apr 26	Quiz 1	20%
Individual	By May 24	Quiz 2	20%
Individual	By Jun 11	Case Assignment "A Dilemma, the Sole or Onglet?"	10%
Individual	Apr – Jun	Class Contribution	10%
Individual	By Jun 28	Final Exam	30%
		Total	100%



Session Details

Thursday	Apr 09	Pfahl Hall 302	1:00pm – 5:00pm
Friday	Apr 10	Pfahl Hall 302	8:00am – 12:00pm

APRIL Session (8 Class Hours)

Pre-Session Activities

Watch	N/A
Read	<p>The Choice of Business Entity: Corporate, Pass-Through & Disregarded... (UV5219)</p> <p><i>Apr 09 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. If you were starting a company today, what corporate structure would you choose? B. What key factors influenced your decision? C. What would be the first 5 steps you would take in starting your business? D. How do you memorialize actions taken in setting up your legal entity? E. How should you take in and account for the initial cash infused into the company?
	<p>A Note on the Legal and Tax Implications of Founders' Equity Splits (9-809-110)</p> <p><i>Apr 09 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. What is an 83b and why is it important to consider?
	<p>Ownership, Control, and the Role of Equity in New Ventures (UV8138)</p> <p><i>Apr 09 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. You have formed a legal entity, how would you allocate equity ownership? B. How can you protect yourself in either receiving or distributing equity?
	<p>How to Make Your Case in 30 Seconds or Less (C0201E)</p> <p><i>Apr 09 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. What do you think is key to a memorable presentation?



	<p>Note on Angel Financing (E440)</p> <p><i>Apr 10 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. In layman’s terms, what is an Angel Investor and why would you want one as an investor? B. What is an Accredited Investor and why would you want one as an investor in a start-up company? What are the two key formal definitions of an Accredited Investor that pertain to a “natural person?” C. How do you find Angel Investors for a startup? <hr/> <p>A Note on Pre-Money and Post Money Valuation (A&B) (9-801-446)</p> <p><i>Apr 10 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. As an investor, calculate the total future dollars returned upon a successful exit given the following assumptions: <ul style="list-style-type: none"> • Investment: \$25,000 • IRR: 50% • Exit: 5 Years B. What percentage of a company should you expect to receive for an investment of \$1,000,000 given a company valuation of \$4,000,000? <hr/> <p>Convertible Notes in Seed Financings (9-813-017)</p> <p><i>Apr 10 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. In layman’s terms, what is a convertible note and when would you use one? B. Are there any potential conflicts of interest between an entrepreneur and investor when a convertible note is employed?
<p>Apply</p>	<p><u>Individual Presentation: “The Pitch”</u></p> <p><i>Apr 09 – Individual Class Presentation:</i></p> <p>Please prepare a two-minute pitch regarding a business opportunity or idea that you will present to the class. I would like you to also either start off or end your pitch with a 10 word or less “Elevator Pitch” description summing up in layman’s terms what your opportunity or idea is. Please note, given the sheer number of students, I will be diligent in cutting you off at the two-minute mark..</p>



The Opportunity and the Idea

Your task is to determine the business subject of your 'pitch.' In general, you should try to look for something that builds on an area of opportunity as defined in your readings and your business or personal life. Remember, that most opportunity results from fulfilling an unmet need or solving a particular problem or pain that:

- Addresses a significant pain point in your industry
- Stems from a technological innovation or discovery
- Capitalizes on a social or demographic trend
- Recognizes a gap or need in an existing system
- Sounds like fun and a good opportunity to you

The business idea that flows from this opportunity does not have to be fully fleshed out. It would not be realistic to think that every idea presented would be a "homerun" i.e., provide an investor with 10x on his/her money. That being said, have fun with this and build on something that interests you no matter how far "Outside of the box" you go... On, the other hand, I do expect that you have thought about this enough that you can give a compelling pitch following the guidelines in your reading as well as your instincts and experience.

The Pitch

The key to this is to communicate your idea and the potential of your opportunity in a clear and concise manner i.e., what pain point does your idea solve and for whom; who would actually pay for this, and how much; how big is the opportunity. Please practice! You may find that two-minutes are far longer or shorter than you might think once you have prepared yourself.

Case: Public Data Systems (PDS)

Apr 10 – Case Preparation:

Please review the PDS PowerPoint Presentation.

- A. What is your assessment of the presentation?
- B. Would you feel compelled to invest in their idea/opportunity?
- C. What Pre-money valuation would you place on the company and what valuation methodology would you use?

Please note, I am aware that this assignment is full of ambiguity. There is no right or wrong answer. Assumptions are key...





Participate	<p><i>Apr 09 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. What's Your Number? B. Why do you think people become Entrepreneurs? C. What is your risk profile i.e., Averse, Neutral, Seeking? D. What is your professional time worth and how did you value it? E. What do you consider an outsized market return?
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In-Session Activities

<p>Class 1 (Apr 09) 1:00 pm – 5:00 pm</p>	<p>Topics</p> <ul style="list-style-type: none"> • Becoming an Entrepreneur • Idea Generation • Starting a Company • Capital Raising Cycle • Equity Allocation • “Pitching an Investment Idea” <hr/> <p>Activities</p> <ul style="list-style-type: none"> • Present your individual “Pitch”
<p>Class 2 (Apr 10) 8:00 am – 12:00 pm</p>	<p>Topics</p> <ul style="list-style-type: none"> • Angel Investing • Pre vs. Post Money • Convertible Notes <hr/> <p>Activities</p> <ul style="list-style-type: none"> • Case Discussion – Public Data Systems

Post-Session Activities

Quiz 1: Please Take Quiz 1 Online by 11:59pm, Sunday April 26th.



Session Details

Thursday	May 07	Pfahl Hall 302	8:00am – 12:00pm
Saturday	May 09	Pfahl Hall 302	12:00pm – 4:00pm

MAY Session (8 Class Hours)

Pre-Session Activities

Watch	Startup.com Documentary
Read	<p>How Venture Capital Works (Class PowerPoint Presentation)</p> <p><i>May 07 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. What are the Pros of Financing a Business with Venture Capital? B. What are the Cons of Financing a Business with Venture Capital? <hr/> <p>A Note on Private Equity Securities (9-200-027)</p> <p><i>May 09 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. What is a one-year cliff and why would you want one in your option program B. Would you brag at a cocktail party that as an early investor, you made a \$5,000,000 straight preferred investment in Google?
Apply	
Participate	<p><u>Case: “Startup.com” (Documentary)</u></p> <p><i>May 09 – Case Discussion Questions:</i></p> <ul style="list-style-type: none"> A. In your opinion, what did Startup.com do right? B. In your opinion, what did Startup.com do wrong? C. What do you think is the upside of working with friends? D. What do you think is the downside of working with friends? E. What are your thoughts regarding an employment agreement?



In-Session Activities

Class 3 (May 07) 8:00am – 12:00pm	Topics <ul style="list-style-type: none">• Venture Capital• Guest Lecture – Mr. Kevin Pohmer, Angel Investor and Serial Entrepreneur Activities <ul style="list-style-type: none">• N/A
Class 4 (May 09) 12:00pm – 4:00pm	Topics <ul style="list-style-type: none">• Life of a Startup• Private Equity Securities Activities <ul style="list-style-type: none">• Case Discussion – Documentary Startup.com

Post-Session Activities

Quiz 2: Please Take Quiz 2 Online by 11:59pm, Sunday May 24th.



Session Details

Thursday	Jun 11	Pfahl Hall 302	8:00am – 12:00pm
Saturday	Jun 13	Pfahl Hall 302	12:00pm – 4:00pm

JUNE Session (8 Class Hours)

Pre-Session Activities

Watch	
Read	<p>Note on Valuation of Venture Capital Deals (E95)</p> <p><i>Jun 11 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. What is the Basic Venture Capital Method of valuation? B. What is the “Discount Rate” a proxy for? <hr/> <p>Funding New Ventures: Valuation, Financing and Capitalization Tables (9-806-058)</p> <p><i>Jun 11 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. In layman’s terms, what is a “CAP” table? B. What are the most important components of a “CAP” table to you? C. Who should have access to your “CAP” table? D. What do you think the acronym “FDB” or Fully Diluted Basis stands for? <hr/> <p>Process of “Going Public” in the United States (9-105-016)</p> <p><i>Jun 11 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. Why do companies go public? B. What service providers do you need to take a company public? <p>What is a prospectus and how do you get one?</p>



	<p>Boards for a New Venture: Putting Together Boards and Working with Them (UV2016)</p> <p><i>Jun 13 – Class Discussion Questions:</i></p> <ul style="list-style-type: none"> A. Why might you need a board in the first place? B. What compensation schedule would you offer directors of a startup? C. How might you mitigate personal liability by being a board member?
Apply	<p>Team Case Assignment: “A Dilemma, the Sole or Onglet?”</p> <p><i>Jun 11 – Case Preparation:</i></p> <p>This case involves putting together a Capitalization Table based on a scenario where you play the role of advisor/consultant to a group of Entrepreneurs. Each team should build a base and secondary model in Excel to answer the listed questions at the end of the case. Each team will present their spreadsheets to the class.</p> <p><u>Case: “Newco”</u></p> <p><i>Jun 13 – Case Discussion Questions:</i></p> <p>Assume the perspective of an Angel Investor or Venture Capitalist that invests in early stage companies. Prepare your answers to the following questions:</p> <ul style="list-style-type: none"> A. What are the strengths and weaknesses of the management team? B. What is your overall “gut” feel about the team? C. What post-money valuation did you give the company? What valuation methodology did you use to justify your number? D. Do you recommend an investment in Newco? Why or why not?
Participate	



In-Session Activities

Class 5 (Jun 11) 8:00am – 12:00pm	<p>Topics</p> <ul style="list-style-type: none">• Valuing an Early-Stage Company• Capitalization Tables• Process of Going Public <hr/> <p>Activities</p> <ul style="list-style-type: none">• Case Discussion – A Dilemma, the Sole or Onglet?• Guest Lecture – Bill Baumel, MD and Faith Voinovich, Principal, Ohio Innovation Fund
Class 6 (Jun 13) 12:00pm – 4:00pm	<p>Topics</p> <ul style="list-style-type: none">• Investment Decision• Building and Working with Boards <hr/> <p>Activities</p> <ul style="list-style-type: none">• Case Discussion – Newco

Post-Session Activities

Final Exam: Please Take the Final Exam Online by 11:59pm, Sunday June 28th.



University Academic Policies

A. Academic Misconduct

(from <https://oaa.osu.edu/academic-integrity-and-misconduct/student-misconduct>)

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. In the Code of Student Conduct, Ohio State defines “academic misconduct” as “any activity that tends to compromise the academic integrity of the university or subvert the educational process.” Cases of misconduct range from deliberate acts of cheating to unintended missteps, in which students fail to distinguish their work from someone else’s. Thus, students are expected to complete all academic and scholarly assignments with fairness and honesty.

By university rule, a professor must report any suspected instance of academic misconduct to the Committee on Academic Misconduct (COAM). A review panel of the committee will investigate the charges; decide whether or not a violation has occurred; and, if the panel finds there has been an offense, determine an appropriate penalty.

The Fisher College of Business has moreover adopted an Honor Code which applies to all students pursuing Fisher degrees:

As a member of the Fisher College of Business Community, I am personally committed to the highest standards of behavior. Honesty and integrity are the foundations from which I will measure my actions. I will hold myself accountable to adhere to those standards. As a future leader in the community and business environment, I pledge to live by these principles and celebrate those who share these ideals.

B. Disability Accommodation

(from <https://slds.osu.edu/faculty-staff/syllabus-statement/>)

The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let the professor know immediately so that options can be privately discussed between you and the professor. To establish reasonable accommodations, you may be requested to register with Student Life Disability Services. After registration, meet with the professor to discuss your accommodations so that they may be implemented in a timely fashion.

SLDS contact information: slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue.

