

Venture Lab: Finance 915

An experiential learning course

This course offers students an experiential learning opportunity in the Venture Capital industry (VC). The course will last one quarter and will be offered for the first time in the Winter, 2008 quarter. If the experiment works, we intend to continue to offer it in each quarter during the year. The major content of the course will be project(s) that the student will complete with a VC firm. We expect the structure of this class to evolve as it grows. Components of the class we expect to add include:

1. A several hour primer for students before they start working with the VC firm. This, in addition to required pre-requisite coursework, will provide the student with the foundation they need make a contribution in the Venture Lab.
2. A set of required readings that students will complete before and during the quarter.

Each student will be required to submit a project report (presentation) at the end of the quarter based on the work the student completed for the VC firm during the quarter. The student should discuss with the VC firm and the faculty advisor the nature and extent of the project prior to the term so there are no misunderstandings at the end of the term. The grade awarded by the faculty member will be based on feedback from the VC firm and the quality of the submitted work as evaluated by the faculty advisor.

Faculty advisors: Prof. Mitchell Petersen & Professor Yael Hochberg

Time expectation: VC firms (and students) should expect the equivalent of a day each week from the student. This translates to roughly 100 man hours in the course of the quarter. This should be consistent with the time students put in per course each quarter.

Venture Capital Firms: Our goal is to work with a group of premier VC firms in the Chicago area. This should be a win win situation for all three sides. Kellogg students benefit from the experience of working for a premier VC firm. The VC firms get motivated MBA students to work for them for a quarter. Kellogg is able to expand the educational opportunities it provides while deepening our knowledge of and connection with the venture capital community. The relationship is likely to be most effective with early stage venture funds with a high deal flow. Each quarter we will distribute a fact sheet on each venture capital firm which is participating in that quarter. This will include background information on the venture capital firm and its principals, along with a description of possible projects which they anticipate students will work on during the quarter.

Illinois Innovation Accelerator Fund will be our pilot for the Winter 2008 quarter. The fund is managed by two Kellogg alumni: David Weinstein and Kapil Chaudhary. A description of the firm and projects can be found on the course web site.

Target Students: The experiential learning opportunity will be most beneficial to students that do not have extensive VC experience, but would like a career in the field. Given the importance of relationships in this field, it would be ideal for us to be able to offer this opportunity to first year students. A first year opportunity provides a chance to use this experience for an internship, which could lead to a job when they finish. However, first year students must have sufficient training to be of value to the firm. We anticipate the following target:

Fall: Only second year students

Winter: Second years and qualified first years

Spring: Both first and second year students may apply (although preference will be given to qualified first years).

Pre-requisites: All first year applicants should have completed Financial Accounting (ACCT430) and Finance II (FINC441 or FINC440). Other recommended courses include Managerial Accounting (ACCT431), Financial Decisions (FINC442), Spreadsheet Modeling (OPNS450) and Competitive Strategy (MECN441). Second year students that apply for Venture Lab should have taken at least two of these four classes. Students should also exhibit a knowledge of the private equity industry either through taking Venture Capital (FINC 445) or through prior industry experience.

Selection process: Students should submit their credentials (e.g. a resume and a list of relevant course work) along with a one page statement supporting their application. The statement should address the reasons you wish to participate in the venture lab and how it fits into your career goals, as well as applicable skills you bring to the project. Second year students should include information on their summer internship, and on any full-time position accepted for the following fall. First time students should provide information on any accepted summer internship position, and should indicate which industries they are recruiting for (technology, banking, etc.).

Professor Petersen and Hochberg (in consultation with the venture capital firms) will select the final candidates. As the program grows, some slots will be open to qualified students through bidding (like the asset management practicum). Applications for the winter quarter are due November 1st, 2007. You do not need to bid for the course. If you are successful, it will be added to your schedule. Successful candidates will be notified as soon as possible.

Course Web Site:

<http://www.kellogg.northwestern.edu/faculty/petersen/htm/heizer/venturelab>