VENTURE CAPITAL, PRIVATE EQUITY, AND THE FINANCING OF ENTREPRENEURSHIP: The Power of Active Investing

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Venture capital financings are not easy to obtain or close. Entrepreneurs will be better prepared to obtain venture capital financing if they understand the process, the anticipated deal terms, and the potential issues that will arise. In this article we provide an overview of venture capital financings. Entrepreneurs will be better prepared to obtain VC financing if they understand the process, the anticipated deal terms, and the potential issues that will arise. © Rawpixel - Fotolia.com. 1. Obtaining Venture Capital Financing. To understand the process of obtaining venture financing, it is important to understand that private equity and venture capital buy different types and sizes of companies, invest different amounts of money, and claim different percentages of equity in the companies in which they invest. Private Equity. Private equity, at its most basic, is equity—shares representing ownership of, or an interest in, an entity—that is not publicly listed or traded. Private equity is a source of investment capital that comes from high net worth individuals and firms. These investors buy shares of private companies or gain control of public companies with the intention of taking them private and ultimately exiting through an IPO. Give students a basic understanding of the complete Venture Capital/Private Equity Cycle from raising funds to investing and harvesting the investment both in Europe and the US. Knowledge - The candidate has advanced knowledge within Venture Capital, Private Equity and Initial Public Offerings. Josh Lerner, Felda Hardymon and Ann Leamon, “Venture Capital and Private Equity and the Financing of Entrepreneurship”. Wiley, 2012 - Best textbook but at a much lower technical level than what we will do in the course. Metrick - “Venture Capital and the Finance of Innovation” for the first third of the course. Jenkinson and Ljungvist - “Going Public: The Theory and Evidence on How Companies Raise Equity Finance” - Second Revised Edition.