

## Victoria Management School

### **MGMT 307 The Role of Venture Capital in Business Growth**

Trimester One 2011

### **COURSE OUTLINE**

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#### **Names and Contact Details**

##### **COURSE COORDINATOR**

##### **Sally Davenport**

Room: RH1018, Rutherford House

Phone: 463 5144

Email: [sally.davenport@vuw.ac.nz](mailto:sally.davenport@vuw.ac.nz)

Website: [www.vuw.ac.nz/vms](http://www.vuw.ac.nz/vms)

##### **ADMINISTRATOR**

##### **Luisa Acheson**

Room: RH10th floor reception, Rutherford House

Phone: 463 5381

Email: [luisa.acheson@vuw.ac.nz](mailto:luisa.acheson@vuw.ac.nz)

#### **Trimester Dates**

Trimester Teaching Dates: Monday 28 February to Friday 3 June 2011

Mid-trimester break: Monday 18 April to Friday 29 April

(NB. There is no final examination for this course)

#### **Withdrawal from course**

1. Your fees will be refunded if you withdraw from this course on or before 11 March 2011.
2. The standard last date for withdrawal from this course is 14 May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation

The application form is available from either of the Faculty's Student Customer Service Desks.

#### **Class Times and Room Numbers**

Discussion with Course Coordinator: 1 hr per week, time tbc

Discussion with Endeavour Capital representative: 1 hr per week, time tbc

Start Date: tbc

## Course Content

An exploration of the role of venture capital in business growth historically and in the current international context. Theoretical models and frameworks from the literature will be used to examine the state of the venture capital industry in New Zealand.

## Course Learning Objectives

By the end of the course, the student should be able to:

1. articulate the role of venture capital in the development of businesses historically and chart how academic thinking around this role has evolved (
2. reflect critically on the student's own experiences working in both the US and New Zealand VC environments;
3. engage with current academic thinking on VC and carry out a research project applying current models and frameworks to the NZ VC environment.

## Expected Workload

Students can expect the workload to be approximately 12 hours per week of student work, including both scheduled contact time and time outside class spent reading, studying and writing assignments.

## Readings

Readings will either be given out in the weekly meetings but also can be accessed via the Library web-page (electronic holdings) or ProQuest (use article search if not full-text) on-line database. If you have trouble downloading them, please see Sally Davenport.

Reading 1 is for discussion at the first meeting. Further readings will be assigned at each meeting depending on the discussion of the journal, but some suggested readings are provided below.

1. Zider, B. (1998) How Venture Capital Works, *Harvard Business Review*, Nov-Dec, 131-139.
2. Amit, R., Brander, J, and C. Zott (1998) Why Do Venture Capital Firms Exist ? Theory and Canadian Evidence, *Journal of Business Venturing*, 13, 441-466.
3. Sahlman, W. (1990) The Structure and Governance of Venture-Capital Organizations, *Journal of Financial Economics*, 27, 473-521.
4. Gompers, P. and J. Lerner (2001) The Venture Capital Revolution, *The Journal of Economic Perspectives*, 15, 145-168.
5. Sorenson, O. and T. Stuart (2001) Syndication Networks and the Spatial Distribution of Venture Capital Investments, *The American Journal of Sociology*, 106, 1546-1588.
6. Davila, A., G. Foster and M. Gupta (2003) Venture Capital Financing and the Growth of Startup Firms, *Journal of Business Venturing*, 18, 689-708.
7. Keuschnigg, C. (2004) Venture Capital Backed Growth, *Journal of Economic Growth*, 9, 239-261.

8. Cumming, D. (2011) Public Policy and the Creation of Active Venture Capital Markets, *Venture Capital*, 13, 75-94.

For further targeted reading, browse the contents of the journal 'Venture Capital' at <http://www.informaworld.com/smpp/title~db=all~content=t713798069~tab=issueslist>

Other more general papers that may be of interest:

1. Sarasvathy, Causation and Effectuation : Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency, *Academy of Management Review*, 2001, 26 (2), 243-263.
2. Cools & Van den Broeck, The Hunt for the Heffalump Continues : Can Trait and Cognitive Characteristics Predict Entrepreneurial Orientation?, *Journal of Small Business Strategy*, 2207/08 18, 23-41.
3. Alvarez & Barney, Discovery and Creation : Alternative Theories of Entrepreneurial Action, *Strategic Entrepreneurship Journal*, 2007, 1, 11-26. (Not on ProQuest but through VUW Library electronic access)
4. Selin, Expectations and the Emergence of Nanotechnology, *Science, Technology & Human Values*, 2007, 32, 196-220.
5. Royer, Why Bad Projects are so Hard to Kill, *Harvard Business Review*, 2003, February, 49-56.
6. Callaghan, Beyond the Farm and Themepark, chapter 1, *Wool to Weta*, Auckland University Press, 2008, 1-23. (Available from Sally Davenport)
7. McKaskill, T. *Angel Investing : Wealth creation Through Investments in Entrepreneurial Ventures*, 2006, Wilkinson Publishing, Melbourne. (Available from Sally Davenport)

### Assessment Requirements

Assignment /CLO	Title	Weight	Date
1/CLO2	Journal	0%	Weekly sign-off
2/CLO1	Literature Review on the Role of Venture Capital in Firm Growth	40%	3pm, Friday 15 April
3/CLO3	Research Report on the NZ VC Industry	60%	End of course
	<b>TOTAL</b>	<b>100%</b>	

### Assignment 1: Journal

As a mandatory course requirement, you are to keep a weekly journal of your experiences working in the NZ venture capital industry (note this can be an electronic journal). This will form the basis of your discussions with both the course coordinator and the co-op Endeavour Capital representative each week. In this journal you should keep notes and reflections about the following:

- a) descriptions of your current co-op work assignments and projects, including any technical content;
- b) comparisons with your co-op experiences in the US;
- c) commentary on how the co-op assignments have changed your skill set or your understanding of venture capital;
- d) reflections on your co-op experiences with regard to how they are aligned with or differ from the content of the literature readings you have been assigned or read in conjunction with your placement;
- e) any other comments that you wish to discuss with either the course co-coordinator or the co-op representative.

### **Assignment 2: Literature Review - the Role of Venture Capital in Firm Growth** Marks: 40%

Conduct a literature review on the role of venture capital in firm growth using the standard format for a literature review and include a bibliography of existing research on this topic. You should include a discussion of both positive and potentially negative impacts of venture capital, and you may include how the literature indicates how individual venture capital firms should operate or how public policy has attempted to support venture capital. You should conclude the review with a series of points that the literature suggests would indicate a venture capital firm/market that is working efficiently and effectively.

Assignment Length: Maximum 3000 words

### **Assignment 3: NZ VC Industry Research Report**

Marks: 60%

This research project will build on your literature review about the role of venture capital in firm growth and allow you to reflect critically on your experiences in New Zealand and the USA. The research report will address two major questions:

(presentation?)

1. How does the venture capital industry operate in New Zealand and is it optimised for supporting firm growth and higher national productivity levels?
2. Compare and contrast the New Zealand venture capital industry with the US venture capital industry?

The report should contain/address the following:

1. A summary of the literature review and key points that you derived from this review, which you should then later link to your own experience/data/observations.
2. A description of the two work placements as a basis for the comparison of the two experiences.
3. Data you have collected (eg. quotations from primary or secondary sources) to illustrate your points. Be careful to distinguish between this data (either attributed or anonymised) and your own observations/opinions.
4. Clear conclusions about the similarities and differences between the NZ and US venture capital systems.

Assignment Length: Maximum 5000 words

## **Handing in assignments**

Assignments should be dropped in to the VMS reception on the 10<sup>th</sup> floor of Rutherford House (Pipitea Campus) in hard copy form 3pm on the due date. The student should also send an electronic copy of their work to [sally.davenport@vuw.ac.nz](mailto:sally.davenport@vuw.ac.nz) by the same time and date. The student should keep an electronic copy archived in case the original assignment goes missing. Failure to do so will jeopardise any claim by you that your work was submitted in the rare cases where your work goes astray.

*Note: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.*

## **Mandatory Course Requirements**

To meet Mandatory Course Requirements, the student is required to:

- a. Attend at least 9 out of the 12 weekly discussion sessions with both the course coordinator and the co-op representative (unless permission is granted from the course coordinator for extraordinary circumstances);
- b. Keep a weekly journal to be signed off by the course coordinator each week; and
- c. Submit the two assignments within the allowable timeframe (see Penalties section below (i));

Students who fail to satisfy the mandatory requirements for this course but who obtain 50% or more overall, will be awarded a "K" grade.

Standard fail grades (D or E) will be awarded when the student's overall course mark falls below the minimum pass mark, regardless of whether the mandatory course requirements have been satisfied or not.

Notice of Failure to meet Mandatory Course Requirements will be posted on Blackboard.

## **Penalties - for Lateness & Excessive Length of Assignments**

- (i) In fairness to other students, work submitted after any deadline will incur a penalty for lateness. The penalty is 2 of the marks available (marks available means what the assignment is worth i.e. 20% or 20 marks) for an assignment submitted after the due time on the due date for each part day or day late. (for example if an assignment is out of 20 and the assignment receives 50% then one day late means the mark will be out of 18 and the student will receive 50% of 18). Saturdays, Sundays and public holidays will be included when counting the number of days late. Assignments received more than 7 days after the due date will not be accepted and the student will automatically fail the Mandatory Course Requirements.
- (ii) Course Outlines provide a signal to students of forthcoming workload, dates of submission etc, and thus student study plans should take account of course requirements across all courses. Consequently, workload issues related to other courses and employment will not be accepted as reason for dispensation from mandatory requirements or waiver of penalties. Extensions to submission deadlines for any assigned work will only be granted in exceptional circumstances.

- (iii) Students who are unable to comply with any of the mandatory requirements should make a written application for an extension to the due date for submission of assigned work or for waiver of a penalty, in advance, to the Course Coordinator, providing documentary evidence of the reasons of their circumstances.

All such applications must be made before the deadline and be accompanied by documentary evidence, e.g. a medical certificate, or counsellor's report clearly stating the degree of impairment, and the dates the illness or event prevented you from undertaking your academic studies. This can be applied retrospectively.

- (iv) In the event of unusual or unforeseeable circumstances (e.g. serious illness, family bereavement or other exceptional events), that precludes an application in advance, students should make contact with the Course Coordinator as soon as possible, and make application for waiver of a penalty as soon as practicable.

### Grading Guidelines

The following broad indicative characterisations of grade will apply in grading assignments and the exam:

A+	excellent performance in all respects at this level
A	excellent performance in almost all respects at this level
A-	excellent performance in many respects at this level
B+	very good, some aspects excellent
B, B-	good but not excellent performance at this level
C+, C	work satisfactory overall but inadequate in some respects
D	poor performance overall, some aspects adequate
E	well below the required standard
K	failure to achieve mandatory course requirements and have achieved at least an average "C" over all the assessment. Note this is a failing grade.

### Policy on Remarking

Every attempt is made to ensure that the marking is consistent and fair to students.

Students may ask for their written work to be remarked. If the mark differs by 10% or less the two marks are averaged. If it exceeds 10% then it is independently marked by a third marker and the average of the two closest marks is taken. Experience from previous years is that almost all remarks are within 10% and where there is a change in mark, half the assignments go up and half go down. Occasionally there is a significant shift in the mark.

Application for remarks must be made within 5 days after the marks are available. To apply for a remark, complete the request for re-examination of assessed work form stating which sections (criteria listed in the mark sheet) you wish re-examined. Write on why you think the mark does not, in your view, fairly reflect the quality of your work. Hand this with your assignment into the following place:-

- Pipitea Campus – the Reception Desk on Level 10 Rutherford House where your assignment will have the **time, date and signature** noted on the front cover by the person receiving it.

Allow up to 5 days for remarks to be completed.

## Referencing

There are many different styles of referencing and the Faculty of Commerce & Administration at VUW has decided to make APA (American Psychological Association) referencing style the common standard across the Faculty. The Commerce and Central Libraries hold the APA Style Guide. You can also access the information from the online VUW library site <http://www.victoria.ac.nz/library/research/reference/referencingguides.aspx>

## Communication

Information on course-related matters will be announced at class and posted on the **Blackboard** website at <http://blackboard.vuw.ac.nz/>. It will be crucial for you to regularly check Blackboard for messages, announcements and materials.

## Email Contact

Students wishing to contact staff by email should adhere to the following instructions: Include the **Course Code**, your **Name**, your **Student ID** and the **Topic** in the subject area of the email, eg

MGMT413\_Smith\_Pauline\_3000223344\_Ass1 Query

All students must use their VUW SCS email account and ID. Otherwise, email will be classified as Spam and will be dumped without being read. All emails with attachments will be dumped, unless requested by staff.

## Class Representative

The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students. Your class representative was elected in the first term, and that person's name and contact details is available to VUWSA, the Course Coordinator and the class.

## Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <<http://www.turnitin.com>>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

**For the following important information follow the links provided:**

### Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

### General University Policies and Statutes

<http://www.victoria.ac.nz/home/about/policy/academic.aspx>

### Faculty of Commerce and Administration Offices

<http://www.victoria.ac.nz/fca/studenthelp/Contactus.aspx>

### Manaaki Pihipihinga Programme

[http://www.victoria.ac.nz/st\\_services/mentoring](http://www.victoria.ac.nz/st_services/mentoring)