

# IB395-12 Finance in New Ventures

20/21

**Department**

Warwick Business School

**Level**

Undergraduate Level 3

**Module leader**

Stuart Fraser

**Credit value**

12

**Module duration**

10 weeks

**Assessment**

100% exam

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

N/A.

[Module web page](#)

### Module aims

Broaden students' understanding of new venture financial markets.

Equip students with skills necessary for both raising finance for and evaluating investment opportunities in new ventures.

Provide students with a deep analytical understanding of new venture finance theory and practice.

### Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

- The rise in the importance of entrepreneurship: entrepreneurial markets and the history of economic thought on entrepreneurship.
- The determinants of enterprise performance: theory and evidence on new venture start-up, survival, growth and exit.

- Investment finance for new ventures.
- What venture capitalists do and how they add value to ventures.
- How venture capitalists choose and evaluate business ventures.
- Why do governments intervene to address market failure in the provision of finance for small firms? Is there a systemic market failure or is it restricted to 'groups' or 'types' of capital? What does government actually do?
- The impact of intervention by government: assessing the impact policy.
- Summary & course overview.

## Learning outcomes

By the end of the module, students should be able to:

- Identify the sources of finance available eg loans , the various equity markets and government funding for new enterprise andcritically evaluate these.
- Understand the role and impact of access to finance on the performance of new ventures.
- Appreciate the rise in the importance of entrepreneurial markets and the history of economic thought on entrepreneurship.
- Understanding core economics and financial economics relating to new venture performance.
- Apply the analysis covered on the course to a number of genuine case studies.
- Ability to recall and select relevant information.
- Analytical and logical reasoning abilities.
- Ability to evaluate information and draw a valid conclusion.
- Ability to understand issues from different perspectives.

## Indicative reading list

Amit, R., Brander, J. and Zott, C. (1998), Why do Venture Capital Firms Exist? Theory and Canadian Evidence, *Journal of Business Venturing*, 13: 441-466.

Audretsch, D.B, Baumol, W.J. and Burke, A.E. (2001), Competition Policy in Dynamic Markets, *International Journal of Industrial Organization*, 19: 613-634.

Audretsch, D.B. and Thurik, R (2003), The Emergence of the Entrepreneurial Economy, forthcoming in the *International Journal of Entrepreneurship Education*, May 2003.

Bhide, (2000), *The Origin and Evolution of New Businesses*, Oxford University Press, Oxford.

Bhide, (2000), *The Origin and Evolution of New Businesses*, Oxford University Press, Oxford.

Gompers, P. and Lerner, J. (2002), *The Venture Capital Cycle*, MIT Press, Cambridge MA and London.

Cowling, M. and Clay, N. (1995) "Factors Influencing Take Up Rates On The Loan Guarantee Scheme", *Small Business Economics*, Vol.7: 141-152.

Gompers, P.A. (1996), Grandstanding in the Venture Capital Industry, *Journal of Financial Economics*, 43:133-156.

Gorman, M. and Sahlman, W.A. (1989), What do Venture Capitalists Do? *Journal of Business Venturing*, vol 4: 231-248.

Hellmann, T. (2002), A Theory of Strategic Venture Investing, *Journal of Financial Economics* vol 64: 285-314.

HM Treasury (2002) "Enterprise Britain: A Modern Approach to meeting the enterprise challenge",

HM Treasury, Small Business Service, London Bank of England: Finance for Small Firms 2002.

Lerner, J. (1999), Government Venture Capital: The Long Run Impact of the SBIR Program, Journal of Business, Vol.72:285-318.

Macmillan, I.C., Zemann, L. and Subbanarasimha, P.N. (1987), Criteria Distinguishing Successful from Unsuccessful Ventures in the Venture Screening Process, Journal of Business Venturing, vol 2: 123:137.

Sahlman and Stevenson (1985), Capital Market Myopia, Journal of Business Venturing, vol 1: 7-30.

Schmitz, J.A. (1989), Imitation, Entrepreneurship and Long-run Growth, Journal of Political Economy, 97: 721-739.

Storey, D.J. (1994), Understanding the Small Business Sector, Routledge, London and New York.

Wallsten, S.J. (2000), The Effects Of Governments' Industry RID Programmes On Private R&D: The Case Of The Small Business Innovation Research Program, Rand Journal Of Economics, Vol. 1, No.1, Spring 2000, Pp 82-100.

The course is also likely to use "The Venture Capital Cycle" by Paul Gompers and Josh Lerner, MIT Press, 2002, as a supplementary text

### **Subject specific skills**

Analyse and evaluate the theory , evidence and practice relating to new venture financial markets. Demonstrate a deep analytical understanding of how new venture financial markets operate. Compare and consider how firms in the various financial sectors screen and evaluate new ventures for loan applications. Provide financial screening and evaluation to a case study of a new venture. Apply these specific knowledge and utilise these specialist skills in a direct and practical manner upon entering any of the new venture financial markets.

### **Transferable skills**

Demonstrate written, mathematical and verbal communication skills.  
 Utilise and develop numeric and non-numeric skills.  
 Convey their understanding using an array of these forms of communication

## **Study**

### **Study time**

<b>Type</b>	<b>Required</b>
Lectures	10 sessions of 2 hours (17%)
Seminars	10 sessions of 1 hour (8%)
Private study	36 hours (30%)
Assessment	54 hours (45%)
Total	120 hours

## Private study description

Private Study.

## Costs

No further costs have been identified for this module.

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## Assessment

You do not need to pass all assessment components to pass the module.

### Assessment group B1

	<b>Weighting</b>	<b>Study time</b>
Online Examination Exam	100%	54 hours
~Platforms - AEP		

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- Online examination: No Answerbook required

## Feedback on assessment

Feedback via My.WBS.

[Past exam papers for IB395](#)

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## Availability

### Courses

This module is Optional for:

- Year 3 of UESA-HN11 BSc Engineering and Business Studies
- UIBA-MN34 Law and Business Four Year (Qualifying Degree)
  - Year 3 of MN34 Law and Business Studies Four Year (Qualifying Degree)
  - Year 4 of MN34 Law and Business Studies Four Year (Qualifying Degree)
- Year 3 of UIBA-N211 Undergraduate Information Systems Management and Innovation
- Year 4 of UIBA-N214 Undergraduate Information Systems Management and Innovation (with

Intercalated Year)

- Year 4 of UIBA-N140 Undergraduate International Business
- Year 4 of UIBA-N1R1 Undergraduate International Business with French
- Year 4 of UIBA-N1R2 Undergraduate International Business with German
- Year 4 of UIBA-N1R3 Undergraduate International Business with Italian
- Year 4 of UIBA-N1R4 Undergraduate International Business with Spanish
- Year 3 of UIBA-MN31 Undergraduate Law and Business Studies
- UIBA-MN32 Undergraduate Law and Business Studies
  - Year 3 of MN32 Law and Business Studies (Four-Year)
  - Year 4 of MN32 Law and Business Studies (Four-Year)
- UIBA-MN37 Undergraduate Law and Business Studies (Qualifying Degree) with Intercalated Year
  - Year 4 of MN37 Law and Business Studies (Qualifying Degree) with Intercalated Year
  - Year 5 of MN37 Law and Business Studies (Qualifying Degree) with Intercalated Year
- UIBA-MN35 Undergraduate Law and Business Studies with Intercalated Year (3+1)
  - Year 3 of MN35 Law and Business Studies with Intercalated Year (3+1)
  - Year 4 of MN35 Law and Business Studies with Intercalated Year (3+1)
- UIBA-MN36 Undergraduate Law and Business Studies with Intercalated Year (4+1)
  - Year 4 of MN36 Law and Business Studies with Intercalated Year (4+1)
  - Year 5 of MN36 Law and Business Studies with Intercalated Year (4+1)
- Year 3 of UMAA-G1NC Undergraduate Mathematics and Business Studies
- Year 4 of UMAA-G1N2 Undergraduate Mathematics and Business Studies (with Intercalated Year)
- Year 3 of UPXA-F3N1 Undergraduate Physics and Business Studies

This module is Option list A for:

- UIBA-N203 BSc in International Management
  - Year 4 of N203 International Management
  - Year 4 of N203 International Management
- UIBA-N201 BSc in Management
  - Year 3 of N201 Management
  - Year 3 of N230 Management with Finance
- UIBA-N202 BSc in Management (with Intercalated Year/UPP)
  - Year 4 of N202 Management (with Intercalated Year)
  - Year 4 of N231 Management with Finance (with Intercalated Year)
- Year 3 of UIBA-NN35 Undergraduate Accounting and Finance
- UIBA-NN36 Undergraduate Accounting and Finance (with Intercalated Year/Undergraduate Partnership Programme)
  - Year 4 of NN36 Accounting and Finance (Intercalated)
  - Year 4 of NN37 Accounting and Finance (Undergraduate Partnership Programme)
- Year 4 of UPXA-F3ND Undergraduate Physics and Business Studies (with Intercalated Year)

This module is Option list B for:

- Year 3 of UIBA-N201 BSc in Management

- Year 4 of UIBA-N202 BSc in Management (with Intercalated Year/UPP)
- Year 4 of USTA-Y603 Undergraduate Mathematics, Operational Research, Statistics, Economics (with Intercalated Year)