

IB395-15 Finance in New Ventures

20/21

Department

Warwick Business School

Level

Undergraduate Level 3

Module leader

Stuart Fraser

Credit value

15

Module duration

10 weeks

Assessment

20% coursework, 80% exam

Study location

University of Warwick main campus, Coventry

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:

- 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.
- Identify the sources of finance available eg loans , the various equity markets and government funding for new enterprise and critically evaluate these.
- 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

Type	Required
Lectures	10 sessions of 2 hours (13%)
Seminars	10 sessions of 1 hour (7%)
Private study	48 hours (32%)
Assessment	72 hours (48%)
Total	150 hours

Private study description

Private Study.

Costs

No further costs have been identified for this module.

Assessment

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

Assessment group D1

	Weighting	Study time
Written Assignment (2500 words)	20%	14 hours
Online Examination	80%	58 hours

- Online examination: No Answerbook required

Feedback on assessment

Feedback via My.WBS.

[Past exam papers for IB395](#)

Availability

Courses

This module is Optional for:

- 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)
- UECA-4 Undergraduate Economics 4 Year Variants
 - Year 4 of LV16 Economics & Economic History with Study Abroad
 - Year 4 of L114 Industrial Economics with Study in Europe
- 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)

- Year 5 of UIBA-MN37 Undergraduate 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)
- Year 5 of UIBA-MN36 Undergraduate Law and Business Studies with Intercalated Year (4+1)
- USTA-G300 Undergraduate Master of Mathematics, Operational Research, Statistics and Economics
 - Year 3 of G300 Mathematics, Operational Research, Statistics and Economics
 - Year 4 of G300 Mathematics, Operational Research, Statistics and Economics
- Year 4 of UECA-GL12 Undergraduate Mathematics and Economics (with Intercalated Year)

This module is Unusual option for:

- UPHA-V7ML Undergraduate Philosophy, Politics and Economics
 - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)

This module is Option list B for:

- USTA-Y602 Undergraduate Mathematics, Operational Research, Statistics and Economics
 - Year 3 of Y602 Mathematics, Operational Research, Stats, Economics
 - Year 3 of Y602 Mathematics, Operational Research, Stats, Economics

This module is Option list G for:

- UPHA-V7ML Undergraduate Philosophy, Politics and Economics
 - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)
 - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)