Doctoral Seminar in Venture Capital, Private Equity, and Innovation

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Course Description

In this course, students will become familiar with and develop an in-depth understanding of the recent advances in the areas of venture capital, private equity, and innovation. The course includes a complete, yet concise synthesis of the recent available literature on the aforementioned topics within a logical, analytical structure. The topics covered are in the instructor’s area of expertise, with an emphasis placed on agency theory, incentives, and methodological approaches to empirical research. More generally, students will develop the ability to critically integrate concepts, theories, and tools from corporate finance. The purpose is to develop familiarity with some of the most advanced work in the literatures, have a good understanding of how to critically evaluate current research in the areas, and develop research projects that can be published in the leading academic journals.

Course Objectives

The course has two major goals. The primary objective is to develop the ability to critically assess research in the areas of venture capital, private equity, and innovation, and to understand the strengths and weaknesses of databases, statistical approaches, and research designs.

The second main objective is to convey an understanding of the trends in the current literatures and to offer a supportive environment for developing your own ideas in these research areas. This course is designed to stimulate students to think critically about research. After taking this course, students should have a good overview of standard empirical approaches to research questions in these areas and a grasp of some of the underlying theory. Students should also have an understanding of what the current state of the literatures are and where gaps exist.

Another objective is to enhance one’s ability to present, explain, and defend scholarly thoughts and positions, as well as to professionally respond and react to other scholars.

Class Preparation and Discussion

The teaching and learning approach adopted emphasizes the importance of developing critical thinking and analytical skills. This is achieved through a mix of lectures, class presentations and discussions and a research paper.

Weekly Activities:
In order to obtain the full benefit from the course, students should:
1. Read the assigned reading for each class and be prepared to ask critical questions and answer specific questions about the readings.
2. Attend all classes and arrive on time.
3. Actively participate in class: answer questions posed by the instructor, and ask your own questions.
4. If issues are still not clear, first ask your classmates, then send me an email. Feel free to ask questions any time.

The rationale for the above suggestions and requirements is that following them is necessary to achieve the course objective specified above. The design of the course presupposes that students are interested in the topics and will endeavor to learn the material presented. Lectures, class discussions and presentations are all aimed to facilitate your learning. However, ultimately, the time and effort each student devotes to the course will determine how much he or she learns from it.

During the initial two sessions when introducing the institutional framework of venture capital and private equity, the instructor will cover the material in the form of lectures that will be primarily based on survey paper readings. The following sessions will involve student presentations and discussions interspersed with questions from the instructor/students. I expect a student to present twice through the course of the semester.

Beyond the classroom, the students are required to cover the readings, and prepare for class discussions and presentations each week. The students are encouraged to form study groups to engage in interactive critical discussions of the assigned research articles.

**Grading**

Grades will be based on your performance of the following components:

- **Weekly Reading Summaries** 20%
- **In-Class Discussions** 20%
- **In-Class Presentations** 15%
- **Final Exam** 20%
- **Research Paper** 25%

**Weekly Reading Summaries**: Each student is required to submit five 1-page summaries of the weeks’ readings. Students may choose the weeks in which to submit the summaries.

Please bring copies of your summaries to the start of each class. These summaries will be helpful study and reference tools as you prepare for your research paper and final exam.

Please also note that although you are only responsible for five weekly summaries, you are expected to read and take notes on all of the articles. Otherwise it will obviously have an impact on your ability to participate in our discussions.
In-class Discussion: Class participation is a very important part of this course and all student enrollees are expected to play an active role in regularly discussing the assigned readings. The evaluation of class participation will be based on your level of preparation and the strength of your contributions to our discussion.

In Class Presentation: Each student will present twice through the course of the semester, the papers being discussed. Each paper’s presentation should last about an hour including the Q&A and discussions. I don’t mind going beyond 2 pm if required. Feel free to let me know if it results in a conflict with your schedule on the day.

Final Examination: The final examination will contain questions similar to those included on doctoral preliminary exams. The questions will require that you integrate and synthesize the material we have discussed.

Research Paper: The topic of the paper has to be approved in advance by the instructor. All participants are expected to complete their papers within ten days after the semester’s end. The earlier we have the topic approved, the more time you will get to spend on the research paper through the semester.

Class Schedule

01/30 Articles #1 and #2 (Introduction to venture capital and private equity)
2/6 Articles #1 and #2 (Introduction to venture capital and private equity, continued)
2/13 Articles #8 and #9 (Contracting in venture capital)
2/20 Articles #13 and #14 (Role of human capital in VC)
2/27 Articles #17 and #18 (VC monitoring; VC lending)
3/5 Articles #23 and #24 (International venture capital)
3/12 Articles #28 and #29 (Deregulation in VC/PE industry; VC mobility)
3/19 Articles #30 and #31 (Decision making in VC and PE funds: survey evidence)
3/26 Articles #34 and #35 (Operational consequences of private equity buyout transactions)
4/2 Articles #37 and #38 (Employment and productivity effects of PE buyout transactions)
4/9 Spring Recess
4/16 Spring Recess
4/23 Articles #46 and #47 (Co-investments in Private Equity; Secondary Buyout transactions)
4/30 Articles #50 and #51 (Innovation: roles of i) corporate R&D and ii) financial distress)
5/7 Articles #53 and #54 (Innovation: roles of i) immigrants and ii) government grants)
5/14 Articles #57 and #58 (Innovation and IPO & M&A markets)
List of Papers

The following list of papers is indicative of the research topics in the areas of VC, private equity, and innovation. The highlighted papers will be discussed in class. Non-highlighted papers are for your reference if interested. The list may be modified as the semester progresses.

**Venture Capital**


**Private Equity**


**Innovation and Entrepreneurship in Private Firms**


