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FINE 434: Special Topics in Finance

Syllabus

Course Description

This course provides an **introduction to startups and startup ecosystem development through a comparison of North America and Israel**. This course forms part of the curriculum for the McGill-Israel Entrepreneurship Program. It is taught in tandem with another special topics course from the department of Organizational Behaviour (ORGB 434). ORGB 434 is a **co-requisite** of this course.

FINE 434 will consist of **four core parts**:

- *Part 1*: An introduction to the life-cycle of startups.
- *Part 2*: An outline of the startup funding landscape in North America and Israel.
- *Part 3*: Strategies for spotting future investment opportunities.
- *Part 4*: Case studies drawn from prominent startups.

Each part is briefly described below. Each year, there will be a specific “deep dive” theme for the program. In the first year of the program, the theme was FinTech. This year, it will be **Socially Responsible Investing (SRI)**.

The **introduction to the life-cycle of startups** will discuss four key stages in the life of a startup: (i) the search for product-market fit, (ii) the search for go-to-market fit, (iii) the aggressive scaling phase, and (iv) the exit phase. In discussing this life-cycle, attention will be placed on the **key challenges and hurdles that startups confront in each stage**. The goal here is for students to build a solid foundation on startups and a framework for thinking about them.

The second part of the course offers an **overview of the startup funding landscape**. Importantly, it discusses how investments in startups are structured, explains why startup funding is broken up into smaller investment rounds, and discusses some of the differences in investment patterns between different ecosystems within North America and between North America and Israel.

The third part of the course covers **different strategies for spotting promising investment opportunities for startups**. This will cover approaches like spotting the emergence of new technologies, measuring gradual improvements in existing technologies, and learning from demographic trends.

If time permits, the last part of the course will delve into select **startup case studies** touching on several of the core subsectors emphasized in the prior parts of the course. Each case is meant to emphasize key challenges and hurdles faced by startups and is built from direct contacts between the startup(s) and the professor developing the course.

No Textbook

There is **no required textbook** for this class. Instead, required reading materials will be distributed electronically via the course website. Nonetheless, the following e recommended books contain partial coverage of the course. At least skimming these books is part of the recommended preparation for the course:

1. Bill Aulet, Disciplined Entrepreneurship, John Wiley & Sons, 2013.
2. Reid Homan and Chris Yeh, Blitzscaling, Currency (Part of Crowne Publishing Group), 2018.
3. Senor, Dan, and Saul Singer. Start-up Nation, McClelland Stewart, 2009.

The first book in this list focuses on the search for product-market fit - but in a far more detailed manner than we will cover in this course. The second book focuses on a particular form of aggressive scaling called “Blitzscaling” and is based on a popular course taught at Stanford University (which is available on YouTube). The third book describes the unique features of Israeli society that promote entrepreneurial activity. None of these books perfectly matches the course. Each has material that will not be covered in class and each lacks substantial coverage of the full set of course concepts.

Course Website

McGills MyCourses online courseware system will be the main resource for distribution of class materials, online discussions, assignments, and more. MyCourses allows access by students outside of McGill, so both IDC and McGill students will be able to participate equally.

Additionally, a Whatsapp group will be setup for real-time communications during the course.

Course Requirements and Evaluation

Your course grade will be determined as follows:

- **Participation and Professionalism:** 30%
- **Reflection Journal:** 20%
- **Job Performance:** 15%
- **Group Project:** 30%
- **Peer Evaluation:** 5%

Participation and Professionalism (30%): The success of the course requires the active and thoughtful participation of all students. Punctual, respectful, mature, and responsible behavior is required of all students during all class activities. Students are expected to be inquisitive, attentive, and participatory during all site visits. Failures to meet these expectations will be reflected in this component of the course grade. On time attendance along with respectful dress and comportment are mandatory for all class meetings and all scheduled events and activities during the study trip. Individual lateness that disrupts the group, even once, will be reflected in the final course grade. Severe breaches in conduct that collectively affect other students, course instructors, or the reputation of the program sponsoring organizations, can result in the immediate cancellation of a student's participation in the course and a failing grade.

Individual Reflection Journal (20%): You will be expected to maintain a journal throughout the course. This will provide you with an opportunity to work on one of the essential practices of entrepreneurship, reflection, while at the same time helping you codify your learning experiences. It will also require you to become aware of your thinking, evaluate your thoughts, and communicate them clearly. Students are responsible for at least 10 days of journal entries. Be advised that selected quotes from submitted journal entries may be used for promotional materials and program reports. No quotes will be attributed by name without express approval from the student.

Group Project (30%): The group project is to be completed in teams of 4 students. All final project materials (slides + write-up) are due at the end of the study program. All groups will present their project, and all group members are expected to share in the presentation. Project topics are flexible, but will likely be in the theme of using lessons learned from the course to suggest improvements to the Canadian or Israeli startup ecosystem.

Managing group dynamics: Group projects, like any group work, can be a challenging experience. Group members sometimes feel that the division of labor is not equitable. However, learning how to effectively manage the group work experience and outcome is essential to successful professional performance; you need not only to contribute yourself but also encourage others to contribute to the group assignments. Setting clear and explicit expectations of the group at the outset and communicating frequently and openly throughout the course are key. All problems arising within the group, including those related to relative contributions of the group members, are to be handled internally by the group; this is an essential part of the group project experience.

Any group member with serious concerns about another group member at any time may issue a yellow card regarding the group member of concern by sending an email to Prof. Kondo (and Rubineau) identifying the group member and the concern. Prof. Kondo (or Rubineau) may reach out to the student and/or group to discuss the group challenges.

At the sole discretion of Prof. Rubineau, a group member may be issued a red card. Receiving a red card means that the student is removed from their group and becomes responsible for completing the group project as an individual project.

In addition to this yellow/red card system, please note that you will have the opportunity to evaluate your group members at the end of the course based on the quality and quantity of their contributions. Your individual grade may go up or down based on these evaluations if there is consensus regarding over- or under-contribution.

Job Performance (15%): This course about startups will be run as a type of startup organization. All students participating in the course will have one or more jobs that work towards the smooth operations of the course. Jobs

include:

- Social jobs - helping to organize outside-of-class activities for class members during the Canada portion.
- External relations jobs - helping to coordinate site visits or guest speakers during the Canada portion - these jobs will require work prior to the start of the course.
- Logistical jobs - helping to ensure class members assemble and travel in a smooth and timely manner.
- PR/Media jobs - photo taking, wrangling, culling, saving, etc.; social media posting, and more.
- HR/Analytics jobs - job scheduling, processing 360 evaluation data, and providing feedback.

Initial jobs assignments come from course instructors. Switching jobs is allowed. Students will be evaluating each others job performance, will receive real-time feedback, and be provided with opportunities to improve.

360 Peer Feedback (5%): This course relies on all students helping each other to yield a good experience for all. Peer ratings on jobs and general course citizenship will be a part of students grades.

Honour Code and Medical/Emergency Situations

Our university values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/integrity for more information).

Since grades are determined competitively, I view cheating as trying to steal another student's grade. As a result, I have zero tolerance for cheating and have failed students in the past as a result of it. Cheating includes more than copying someone's exam, homework, or case study. It also includes all forms of plagiarism, making up fake information or data in a submission, providing a false excuse to avoid an assignment, etc. Unfortunately, since it has been a serious issue in the past, I will not consider any medical or emergency situations without formal documentation.