Financing Innovation: Valuing Projects and Firms

COURSE DESCRIPTION
The best and most innovative ideas will never see the light of day unless they can obtain funding. How can you, as a manager or entrepreneur, make the most convincing case to advance your projects and make them attractive to senior decision makers or outside investors? And how do successful companies and investors pick the best products and manage R&D investments? Effective product innovation relies on clearly defined financial models and analysis. This course will explore the tools of financial valuation and their role in investment decisions faced by managers, entrepreneurs, and investors. You will learn the difference between earnings and cash flow, the importance of net working capital, and the determinants of a firm’s cost of capital. You will explore the sources and drivers of value and how to maximize created value. Finally, you will apply financial valuation tools to understand how firms are valued by investors, considering both publicly traded and venture-backed firms.

LEARN HOW TO
• Identify the determinants of earnings, cash flows, and shareholder value
• Build a financial model to assess the value proposition for a product or investment
• Analyze and optimize the sources and drivers of firm value
• Value projects, firms, and new ventures

FACULTY
Peter DeMarzo
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Professor DeMarzo is a member of the National Bureau of Economic Research and past president of the Western Finance Association. His research is in the area of corporate finance, asset securitization, financial contracting, and market regulation. Recent work has examined issues of the optimal design of securities, optimal compensation mechanisms, regulation of insider trading and broker-dealers, bank capital regulation, and the influence of information asymmetries on corporate disclosures and investment.

QUESTIONS
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