Aspiring entrepreneurs need to understand the perspectives, questions, and priorities of venture capitalists. Central to the survival of startups and the attraction of venture capital is the generation of an effective business plan that addresses marketing, financial, management and competitive issues. The expectations for proposals and presentations to venture capitalists related to the business plan must be understood. New startup companies and investors can greatly benefit from feedback on business plans and the students in the Student Managed Venture Fund (SMVF) provide that feedback.

Purdue’s Student Managed Venture Fund (SMVF) is a three credit-hour experiential learning opportunity for Purdue undergraduate and graduate students. The course is taught by Richard Cosier, Leeds Professor of Management, in partnership with Jonathan Gortat, Senior Project Manager of the Purdue Office of Technology Commercialization. This partnership between the Burton D. Morgan Center for Entrepreneurship and Purdue’s Office of Technology Commercialization at the Purdue Research Foundation provides an integration of management concepts and principles with the commercialization activities and knowledge in the Office of Technology Commercialization. The dollars that support the course — the funds that are available to be invested through convertible debt in startups — derive from the Emerging Innovation Fund (EIF) at Purdue Research Park. Student teams provide a detailed and thorough research profile of each startup, which includes an understanding of the feasibility of the product/service, costs, IP protection, licensing options, marketing targets, competitor analysis, and financial projections and needs. Students work with the management team for each startup asking questions, providing business plan information and offering recommendations.

Over the past three years, more than $500,000 from the EIF has been invested in startups reviewed by the SMVF students which has led to more than $2 million in follow on funding and creation of more than 15 jobs in the State of Indiana. This involves “real money” invested in “real startups,” most of which are seeking to become sustainable and successful companies in the Purdue Research Park. Thus, students are doing due diligence on real startups and learning in a truly experiential fashion.

Quotes from recent SMVF students include:
“...The most valuable thing that I took away from this course was how to successfully execute due diligence.”

“...Being able to gain first-hand experience working in an entrepreneurial company/startup was invaluable.”

“I learned a ton about Venture Capitalism and now understand more about the work involved.”

“I learned that no company is perfect and there is always room for improvement.”