



**Stanford Continuing Studies | Summer 2014 | WSP195**  
**How Much? Valuing Business and Investment Opportunities**  
**Updated April 10, 2014**

**Lecturer: Iddo Hadar, Growth Strategist;**  
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**Course Objectives:**

- To introduce you to a range of concepts and tools for estimating the value of assets, business ideas, and investment opportunities;
- To appreciate challenges that business and individual investors face, in attempting to capture economic value; and
- To help you become more efficient in utilizing spreadsheet programs as a primary valuation tool.

**Course Structure:**

- 2 sessions, organized as workshops (with significant hands-on work)
- Each session consisting of three primary modules

**Course Grading:**

You have three options:

- No Grade Requested (this is the default option), just show up for class
- If you elect Credit/No Credit, participating in both sessions and submitting the homework and final assignment(s) will earn you Credit
- If you elect to obtain a letter grade, the quality of the homework and final assignment(s) will account for 80% of your grade; 20% determined by class participation.

**Course Materials and Resources:**

- Required: Course reader, available from Stanford Bookstore
- Recommended: Aswath Damodaran, Investment Valuation – Tools and Techniques for Determining the Value of Any Asset (*any edition would do*)
- Models and handouts: to be distributed via email prior to sessions



**Additional Details about the Course:**

- How much is it worth? How much can we afford? How much can we make? How much is too much? Whether in a startup seeking funding, in an established company evaluating a new initiative, or analyzing a personal investment portfolio—we are constantly “selling” or “buying” business ideas. Putting the right value on a business idea can make the difference between success and failure.
- This course will introduce students to valuation tools and methods for tackling a broad range of business and investment situations. Students should expect a broad and practical introduction to a critical analytical discipline.
- Our approach will be hands-on, with students building and using models to apply the concepts to business cases. Guest speakers with extensive valuation experience will provide a perspective on real-life implementation.
- Completion of the Continuing Studies course “Discovering Your Inner Quant Jock: Financial Modeling and Business Decisions” (WSP 150) or its equivalent elsewhere is strongly recommended.
- Students enrolling in this course are required to bring their own laptops to class. We will use Microsoft Excel for all modeling exercises. All exercises will be demonstrated in Microsoft Excel 2010, but should be easily understandable by users of other Excel versions.

**Course Assignments:**

- First Assignment (pre-Session 1):
  - Read the case “Venture Valuation AG: The Genedata Assignment.” Consider the following questions (which we will discuss during Session 1):
    1. What are the objectives of the Genedata valuation project?
    2. What are the key drivers of value for Genedata?
    3. What are the analytical tools used?
    4. Where sources for data is the analyst accessing?
    5. What benchmarks (comparables and references) are being used?
    6. What are the key assumptions, unknowns, and sources of uncertainty?
    7. How will/should the analyst communicate the findings of the valuation?
  - Read the case “Valuing Wal-Mart 2010” and consider the same questions.
  - What are the main differences between valuing a start-up (like Genedata) and valuing an established company (like Wal-Mart)?
- Homework and final Assignments: to be announced in class



**Course Schedule (subject to change)**

<b>Session</b>	<b>Module</b>	<b>Topics</b>
<b>1 – Estimating Value</b>	<b>1. Introduction</b>	<ul style="list-style-type: none"> <li>• Course overview</li> <li>• Context for valuation</li> <li>• General principles and limitations</li> <li>• Business modeling and simulation (refresher)</li> </ul>
	<b>2. Financial Modeling</b>	<ul style="list-style-type: none"> <li>• Financial models – framework and ratios</li> <li>• Integrated Financial Model – illustration of tool</li> <li>• Project valuation approaches</li> <li>• Modeling financial and operations decisions</li> </ul>
	<b>3. Valuation Tools</b>	<ul style="list-style-type: none"> <li>• Asset pricing models</li> <li>• Sources of information for asset pricing benchmarks</li> <li>• Limitations and challenges</li> <li>• Case discussion and analysis</li> <li>• Homework assignment</li> </ul>
<b>2 – Capturing Value</b>	<b>4. Valuation in Financial Investments</b>	<ul style="list-style-type: none"> <li>• Homework review</li> <li>• Financial investing framework</li> <li>• Case discussion and analysis</li> <li>• The Venture Capitalist’s perspective</li> <li>• Limitations and challenges</li> </ul>
	<b>5. Valuation in Strategic Investments</b>	<ul style="list-style-type: none"> <li>• Strategic investing framework</li> <li>• Modeling restructuring and turnarounds with the Integrated Financial Model</li> <li>• Case discussion and analysis</li> <li>• Private Equity perspective</li> <li>• Limitations and challenges</li> </ul>
	<b>6. Valuation in Business Transactions</b>	<ul style="list-style-type: none"> <li>• Overview of M&amp;A transactions</li> <li>• Buy-side view</li> <li>• Sell-side view</li> <li>• Negotiations</li> <li>• Pitfalls and risks</li> <li>• <i>Final Assignment</i></li> <li>• <i>Course summary</i></li> </ul>

