

Mastering Term Sheets: Deal Structure and Negotiation

Learn to draft, analyze, and negotiate term sheets effectively for startup and venture capital deals.

Venture Capital & Private Equity Instructor: James Carter • 5 sections • 50 lessons • 18.25h total

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About this course

Term sheets are the backbone of funding rounds and business deals, but their legal complexity often leads to misunderstandings or missed opportunities. Many professionals struggle with unclear clauses or poor negotiation tactics, risking unfavorable terms that can impact their ventures long-term. This course addresses these challenges directly with practical guidance and real-world applications.

You'll gain skills in structuring deals, identifying key provisions, and negotiating with confidence through video lessons, detailed case studies, and hands-on workshops. The curriculum covers everything from basic concepts to advanced scenarios, preparing you to handle term sheets in various contexts like startup funding, mergers, and international agreements.

Course curriculum

Foundations and Preparation

- **Understanding What a Term Sheet Is and Its Importance (18m)**
Learn the basic definition and role of term sheets in business deals, with examples of how they shape negotiations.
- **Identifying Key Players in Term Sheet Negotiations (12m)**
Explore the roles of founders, investors, and lawyers, and how each party approaches term sheet discussions.
- **Breaking Down Deal Structure Basics (25m)**
Step-by-step guide to the fundamental elements of deal structures, including equity splits and funding rounds.
- **Debunking Common Myths About Term Sheets (18m)**
Address widespread misconceptions with clear explanations to build a solid factual foundation.
- **Developing Your Negotiation Strategy (32m)**
Problem-solving session on crafting a personal approach to negotiations, focusing on goals and tactics.
- **Analyzing Core Components of a Term Sheet (25m)**
Hands-on review of typical sections like valuation, equity, and governance clauses.
- **Case Study: Early-Stage Startup Term Sheet (18m)**
Walk through a real-world term sheet example, highlighting key decisions and outcomes.
- **Workshop: Drafting Your First Term Sheet Outline (12m)**
Practical exercise to create a basic term sheet template, reinforcing foundational concepts.

Core Concepts

- **Mastering Valuation and Equity Terms (25m)**
Detailed look at how valuations are set and equity is allocated, with calculations and examples.
- **Explaining Liquidation Preferences (18m)**
Step-by-step guide to different types of preferences and their impact on returns.
- **Understanding Anti-Dilution Provisions (25m)**
Breakdown of full ratchet and weighted average methods, with scenarios for clarity.
- **Navigating Voting Rights and Board Composition (18m)**
How voting structures influence control, with strategies for balancing interests.
- **Setting Up Founder Vesting Schedules (12m)**
Practical advice on vesting terms that protect both founders and investors.
- **Reviewing Protective Provisions for Investors (32m)**
In-depth analysis of clauses that give investors veto rights, with negotiation tips.
- **Clarifying Drag-Along and Tag-Along Rights (25m)**
How these rights work in exits, with case examples to illustrate applications.
- **Assessing No-Shop and Exclusivity Clauses (18m)**
Problem-solving session on the pros and cons of these clauses during negotiations.

- **Interpreting Representations and Warranties (25m)**
Guide to common statements in term sheets and their legal implications.
- **Managing Closing Conditions and Timing (12m)**
How to set realistic timelines and conditions to avoid delays or disputes.

Deep Dive

- **Negotiating Valuation Terms Effectively (25m)**
Tactics for discussing valuation, backed by data and market benchmarks.
- **Crafting Effective Liquidation Preferences (18m)**
Workshop on customizing preferences to align with deal goals and risk profiles.
- **Handling Anti-Dilution in Complex Scenarios (32m)**
Real case study on negotiating anti-dilution in down rounds or multiple funding stages.
- **Balancing Voting Rights in Multi-Party Deals (25m)**
Strategies for creating fair voting structures that satisfy all stakeholders.
- **Customizing Vesting for Different Business Models (18m)**
How to adapt vesting schedules based on industry norms and company stage.
- **Case Study: Series A Term Sheet Negotiation (25m)**
Detailed review of a Series A deal, focusing on negotiation challenges and resolutions.
- **Role-Playing Negotiation Scenarios (32m)**
Interactive session to practice negotiating key clauses with simulated counterparts.
- **Peer Feedback and Analysis Session (12m)**
Group discussion on negotiation approaches, with constructive feedback for improvement.

Advanced Application

- **Adapting Term Sheets for Different Funding Stages (25m)**
How term sheets evolve from seed to late-stage rounds, with specific examples.
- **Navigating International Term Sheet Considerations (18m)**
Key differences in legal frameworks and cultural norms for cross-border deals.
- **Term Sheets in Mergers and Acquisitions (32m)**
Application of term sheet principles in M&A contexts, with case analysis.
- **Working with Convertible Notes and SAFEs (25m)**
Step-by-step guide to these instruments, including conversion mechanics.
- **Structuring Employee Stock Options and Equity Plans (18m)**
Practical advice on incorporating equity compensation into term sheets.
- **Ensuring Regulatory Compliance in Term Sheets (25m)**
How to address securities laws and other regulations during drafting.
- **Case Study: Cross-Border Deal Negotiation (32m)**
Real-world example of negotiating a term sheet with international parties.
- **Advanced Negotiation Techniques for Tough Clauses (25m)**
Problem-solving session on overcoming common negotiation hurdles.
- **Handling Disputes and Term Sheet Failures (18m)**
Strategies for managing disagreements and learning from failed deals.

- **Spotting Red Flags and Conducting Due Diligence (25m)**
Checklist and methods for identifying risky terms before signing.
- **Integrating Term Sheets with Final Legal Agreements (32m)**
How to transition from term sheet to binding contracts, with workflow tips.
- **Workshop: Complex Deal Simulation (12m)**
Hands-on exercise to simulate a multi-faceted deal from start to finish.

Implementation & Next Steps

- **From Term Sheet to Final Agreement: A Practical Guide (25m)**
Step-by-step process for moving from a term sheet to a closed deal.
- **Building Your Term Sheet Toolkit and Resources (18m)**
Recommended templates, checklists, and software for efficient term sheet work.
- **Networking with Investors and Founders (25m)**
Tips on building relationships that support successful negotiations.
- **Case Study: Successful Term Sheet Execution (32m)**
Detailed walkthrough of a deal that went smoothly, highlighting best practices.
- **Continuous Learning in Deal-Making (12m)**
How to stay updated with market trends and legal changes over time.
- **Workshop: Personal Term Sheet Portfolio (25m)**
Create a collection of your work, including drafts and negotiation notes.
- **Certifying Your Skills and Gaining Recognition (18m)**
Overview of the certification process and how to showcase your expertise.
- **Mapping Next Steps in Your Career (25m)**
Strategies for applying term sheet skills in roles like investing, law, or entrepreneurship.
- **Staying Updated with Market Trends and Best Practices (12m)**
Resources and habits for ongoing professional development.
- **Final Project: Drafting a Complete Term Sheet (32m)**
Comprehensive assignment to draft a term sheet based on a provided scenario.
- **Peer Review and Improvement Session (18m)**
Collaborative feedback on final projects, with suggestions for refinement.
- **Course Summary and Looking Forward (12m)**
Recap of key takeaways and advice on continued practice and application.

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