Entrepreneurial Finance: *Venture Capital, Deal Structure & Valuation, Second Edition*

**Appendix** 11A The Entrepreneur’s Perspective on Value

***Learning Objectives***

After reading this appendix you should be able to:

* Understand why inability to diversify affects the cost of capital
* Recognize that an entrepreneur’s cost of capital depends on the fraction of risk capital committed to the venture
* Value an entrepreneur’s partial commitment to a venture
* Estimate the statistical parameters for determining an entrepreneur’s cost of capital
* Understand how total risk affects the diversified investor’s cost of capital advantage