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

**Chapter** 4 Venture Deal Structure

***Learning Objectives***

After reading this chapter you should be able to:

* Understand how financial contracting can benefit both parties
* Evaluate considerations that bear on the choice of contract terms
  + Differences in diversification
  + Differences in information
  + Difference in expectations
  + Incentives
* Benefits of outside investment
* Enables the entrepreneur to increase diversification
* Can increase the present value of the venture
* Investor may contribute expertise, advice, and information
* Contracts with ­investors allocate risk, allocate expected ­returns; and change risk and expected returns