Bachelor Thesis Topics for Q1 2019 – Entrepreneurial Finance

**Topic 1: Finding an attractive Start-up: The Decision-making process of business angels**

Advisor: Barbara Stolz, MSc.

Starting Date: 07.01.2018

Core Issues:

- Business angels play a crucial role in the financing cycle of young companies. As private investors they provide their own money and mainly address young companies in seed- and start-up phases. The OECD even sees angel investments as "[...] the primary source of external seed and early-stage equity financing in many countries [...]" (OECD 2011).
- Since they are usually actively involved in the venture, business angels place more emphasis on decision factors that determine their post-investment involvement.
- The aim of this thesis is to provide a literature overview on the decision-making process of business angels.

Literature:


**Topic 2: Are serial entrepreneurs more likely to succeed?**

Advisor: Silja Spreng, M.Sc. (e-mail: silja.spreng@tum.de)

Starting Date: Asap

Core Issues:

- 3 out of 4 venture-backed start-ups fail (“failure” defined as a lack of return on investment) according to a study by Harvard Business School (Blank, 2013).
- Aside from business and market related aspects, the founder and management team play a pivotal role in driving venture success and research finds evidence for performance persistence in entrepreneurship: Entrepreneurs who succeed in a venture have a higher chance of succeeding also in their next venture compared to first-time entrepreneurs (Gompers et al., 2010).
- This thesis consists of both a literature review and empirical analysis:
  1. You will review the entrepreneurship and entrepreneurial finance literature with regards to serial entrepreneurs.
  2. You will empirically examine the performance of serial entrepreneurs based on a unique sample of venture-backed start-ups (data set provided and to be further augmented).

Literature:

Topic 3: Staging and returns of Venture Capital firms

Advisor: Martin Diessner, MSc.

Starting Date: tbd.

Core Issues:

- Venture Capital has grown significantly in relevance in the last 20-30 years. Significant funds have been invested and top funds have achieved returns significantly exceeding the stock market, while others were performing relatively poorly. An important strategy in VC financing is staging, i.e. providing capital to portfolio companies over multiple rounds.
- Most existing literature points towards a positive effect for venture capitalists from this strategy. The effect is typically attributed to either “incentive alignment” with the founder or “abandonment options” for the investors.
- The goal of this thesis is to empirically analyze this effect with data from VentureSource, one of the leading data providers in the VC space (provided by the chair).
  - In a first step, the student should conduct a brief review of existing literature, both theoretical and empirical.
  - In a second step, the student should formulate hypotheses regarding the effect of staging strategies and test them empirically.

Literature:


Topic 4: Impact of investor human capital on VC firm returns

Advisor: Martin Diessner, MSc.

Starting date: tbd.

Core Issues:

- Venture Capital has grown significantly in relevance in the last 20-30 years. Significant funds have been invested and top funds have achieved returns significantly exceeding the stock market, while others were performing relatively poorly. While the human capital of founders (e.g. education, previous work experience, previous founding experience) has been researched with scrutiny, the human capital of investors has received significantly less attention.
- Existing literature is usually based on a very limited data set and is mainly focusing on work experience. Research into academic backgrounds of investors is mainly analyzed in the context of overlaps with investment CEOs.
The goal of this thesis is to extend an already pretty comprehensive dataset and then analyze the human capital factors in the dataset in relation to venture success measures (to be defined together with the supervisor)

- In a first step, the student should conduct a (very) brief review of existing literature, both theoretical and empirical
- In a second step, the student is expected to enhance a dataset provided by some data points, using databases provided by the chair as well as internet sources
- In a last step, the student is expected to conduct analysis on the importance of human capital factors on venture success measures

Literature:


**Topic 5: The Fate of European Entrepreneurs (Bachelor Thesis)**

**Advisor:** Stefan Weik

**Starting Date:** asap

**Core issues:**

- Venture capital (VC) is a top priority to European policymakers since decades but still, VC activity and performance in Europe appear to lag far behind the US - the mother country of VC.
- According to anecdotal evidence, foreign VCs (esp. US and Asian) invest substantially in Europe selecting the best investments, taking an active role in management, and possibly even making them move abroad later on. But is this really the case?
- In your thesis, you will elaborate on an existing database and analyze what successful European entrepreneurs do after their exit and whether they really leave their country afterwards.

**Literature:**

**Topic 6: Management Changes in Private Equity Investments (Bachelor Thesis)**

Advisor: Nils Dorau, M.Sc.

Starting Date: tbd.

Core Issues:

- Having the right CEO at the right place is crucial for corporate success. This might be of particular importance for private equity funds when managing portfolio companies and implementing strategic improvements. Empirical evidence indicates that a substantial fraction of leading managers of the target companies is replaced after the private equity fund has taken over. As in the public market context, the reasons for these management changes can be diverse. For example, Gong and Wu (2011) show that management changes are more likely if agency conflicts are severe and free cash flow is high. Cornelli and Karakas (2015) relate the likelihood of a management change to the composition of corporate boards.

- Starting with the general literature on corporate governance and the determinants of management changes, the goal of this thesis is to provide empirical evidence of the determinants of CEO turnover in the context of private equity transactions using a self-collected dataset. Finally, by referring to the public market literature the potential implications for corporate and financial performance for the firms can be discussed.

Literature:


**Topic 7: Female investors (Bachelor or Master Thesis)**

Advisor: Dr. Svenja Jarchow

Starting Date: ASAP

Core Issues:

- Database set-up
- Classification criteria of female investors
- Literature review (for Master thesis also data analysis)

Literature:

Topic 8: An Analysis of Secondary Buyouts

Advisor: Pierre Schillinger

Starting Date: Flexible

Background Information:

Leveraged buyouts can be differentiated with respect to the seller of the target. Research suggests that more than 20% of all buyout deals can be considered "secondaries", i.e. the selling party is another private equity fund. Over time, the significance and share of secondary buyout deals has increased substantially. Accordingly, private equity research has studied this interesting deal type more closely and has drawn interesting conclusions.

Some thought-provoking questions that can be addressed are:

- How should we conceptually understand these buyout deals and how do they differ from other buyout types such as public-to-private LBOs?
- What are the motivations/advantages of conducting secondary buyouts? What are the disadvantages?
- Are secondary buyouts driven by economic circumstances (market cycles) or happen in certain industries or certain countries more often? If so, why?
- How do secondary buyouts perform

Literature: