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

**Chapter** 10 Foundations of New Venture Valuation

***Learning Objectives***

After reading this chapter you should be able to:

* Know how to use the CAPM to value an investment by either the Certainty Equivalent (CEQ) or the Risk-Adjusted Discount Rate (RADR) method
* Know how to use the Relative Value method with both accounting-based and non-accounting-based information
* Know how to use two common venture capital valuation methods: the First Chicago method and the Venture Capital method
* Understand how and why the entrepreneur’s cost of capital is higher than that of a well-diversified investor
* Recognize the strengths and weaknesses of each method
* Be able to correctly match cash flows and discount rates