

UNIVERSITY OF PENNSYLVANIA  
The Wharton School  
FNCE 883 - Strategic Equity Finance

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**REVISED – July 26, 2016**

**Course Objectives**

The course combines lectures and cases, and will go through actual situations where companies need to make strategic decisions on raising equity capital. We will address different phases of a company's life cycle including:

- A private venture-backed company looking to raise private equity capital
- Private companies considering to go public
- Public companies looking to raise additional equity capital
- Public companies looking at strategic alternatives including carve-outs, spins, and split-offs
- Public companies managing through financial crisis, whether market-driven or self-imposed, and
- Public companies making significant acquisitions

Through these cases, from the decision-maker's perspective, we will explore the different paths that can be taken and consider issues such as investor activism, governance and regulatory and valuation impact. The cases span industry sectors, and include both U.S. and global companies. To give you a sense of the diversity of the companies covered, this is the group of companies we covered in this course this summer:



While the markets were not cooperative this spring to discuss “live” deals in the market, we hope to be able to do that during this fall’s term.

Additionally, to broaden the discussion, we will also have a few guest speakers through the term to provide different perspectives. This term we have the pleasure of having several Wharton alums speaking during the term including a group of venture capital partners from leading VCs in the Bay area as well as a leading activist in the US, who has been involved with companies such as BMC Software, Citrix Systems, EMC, Network Appliance, and Riverbed Software.

Ideally, the course is designed for those that are looking at careers in corporate finance, investment banking, and private equity/venture capital, as well as those that may be looking to start their own ventures.

### **Prerequisites**

Corporate Finance.

### **Grading**

The course grading will have three components: 1) two case assignments (will each count as 20% of your grade for the term); 2) class engagement (30%), including 20% for quizzes (dates TBD); and 3) final group project (30% of the term grade). Students will prepare to discuss all cases, but only the two will be handed in.

The two group case assignments will be assigned during class, and will be due at the beginning of class (the following week). All group assignments, as well as the final group project, will be graded on overall quality, as well as relative to the other groups’ submissions.

As the course is case-driven, class engagement is important. While class attendance is a factor, quality, not quantity, of participation and contribution to class discussion will be valued.

The group project will be assigned halfway through the term, and will culminate with a final group presentation during the last week of the course. This timing will provide that we have covered the content that you will cover in your presentation, as well as give you adequate time to prepare.

It is important to note that all assignments and projects will be based on content that we will have already covered in the course. That having been said, if there are questions on content throughout the term, please reach out to us as soon as possible. As it is more difficult to have office hours for SF courses, we are going to make a few dedicated hours each week to make ourselves available for calls. As we only meet seven discrete days during the term, the course moves very quickly. So, don’t wait until the end, as we expect the knowledge gained will be cumulative; so if you have questions early in the term, it likely won’t get easier as the term progresses.

### **Course Materials/Canvas site**

While there is no dedicated text for the course, there is a combination of cases, teaching notes, and other materials that we use through the term. As a result, we rely heavily on the Canvas site to post material. Unfortunately, there are a few structural limitations on Canvas that may make it difficult to navigate (i.e., cases that are published/copyright protected that need to be purchased such as HBS

cases need to be on Study.net; while cases we have developed that haven't been published can't utilize Study.net but can be posted elsewhere.

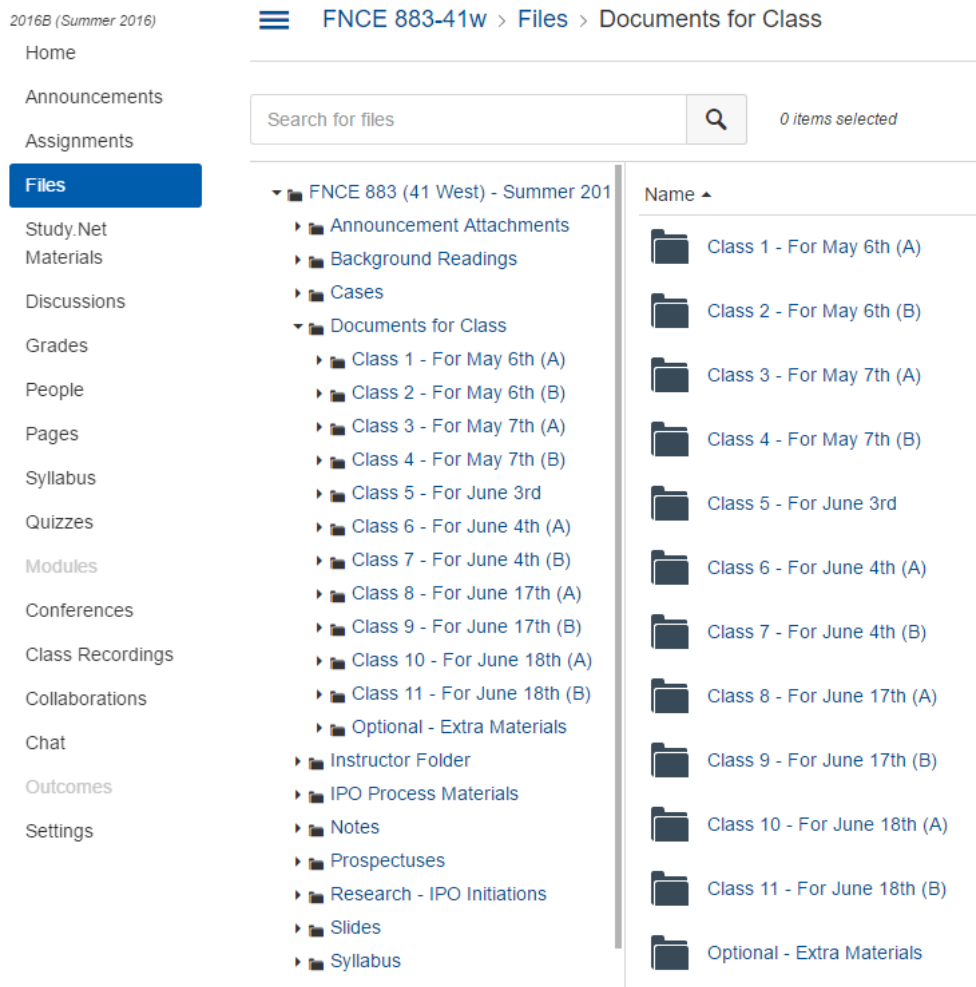
Because of this, in the syllabus, we try to identify where the cases are located to ease navigation. In the syllabus, cases are identified in **Bold** if they are posted in the **Study.net** section of Canvas; while cases/materials identified in *Italics* will be posted in a section called "Documents for Class" posted in the **Files** section.

There also may be something topical (e.g. a recent deal) that happens in the market during the term; if so, we will post an **Announcement** on Canvas a few days before class. While we may discuss it in the subsequent class, you will not be held accountable for preparation unless we explicitly mention it in an announcement.

Given our reliance on Canvas for this course, we would suggest getting the Canvas app (if you don't already have it) for your mobile devices to stay current with developments.

Additionally, we have posted lots of additional material on the Canvas site such as prospectuses, research reports, and background materials on topics including Activism, Private Equity and Venture Capital. These are posted as an "FYI" for those that are interested, unless we explicitly state that you should focus on a specific document for class and we will post in "Documents for Class."

The following is an illustrative screenshot from the 2016 WEMBA Summer FNCE 883 course:



### **Attendance and other Course Etiquette**

You will be expected to attend each class, except for the last week. The last week will only be for the final group presentation, and you will only be expected to attend for your group's presentation slot. These specific slot times will be determined later in the term. If you are unable to attend class, please give us advance notice to get it excused (unless in the case of illness/family emergency). Quizzes, given in class, will not be made up unless the absence from class was excused.

If you are unable to attend your group presentation slot, a mutually agreeable time will need to be determined for both your team and us; so please make every effort to make your group presentation slot.

Cases and readings will be assigned for each class. Please be prepared to actively participate in each class, and be professional and courteous to your classmates.

### **Office Hours**

Given the logistics of the course, email is probably easiest to schedule a convenient time to connect:

David Erickson at [davider@wharton.upenn.edu](mailto:davider@wharton.upenn.edu)

David Musto at [musto@wharton.upenn.edu](mailto:musto@wharton.upenn.edu)

Additionally, we will also have "office hours" (dedicated times we are available for questions).

## Week-by-week Tentative Syllabus

CLASS	TOPICS
1 – Thursday, October 13	<ul style="list-style-type: none"> <li>• Course Introduction</li> <li>• Market Overview Lecture</li> <li>• Introduction to Deals: Prospectuses &amp; Research</li> </ul>
2 – Thursday, October 13	<ul style="list-style-type: none"> <li>• The Venture Capital Market</li> <li>• Guest Speakers: Trevor Oelschig, Partner, Bessemer Venture Partners; Jason Stoffer, Partner, Maveron; Rama Sekhar, Norwest Venture Partners; Arif Janmohamed, Lightspeed Venture Partners; Neill Occhiogrosso, Costanoa Venture Capital</li> </ul>
3 – Thursday, October 20	<ul style="list-style-type: none"> <li>• Overview of Going Public Decision</li> <li>• Discuss <i>Neuberger Berman</i> case</li> <li>• Discuss <i>Shake Shack (A)</i> case</li> <li>• Discuss <i>Vineyard Vines &amp; SoulCycle</i> “vignettes”</li> </ul>
4 – Thursday, October 20	<ul style="list-style-type: none"> <li>• IPO Process &amp; Analysis Lecture</li> <li>• Discuss <i>Note on IPO Analysis</i></li> <li>• Discuss <b>Jet Blue IPO</b> case</li> <li>• Discuss <i>Under Armour IPO</i> Case</li> </ul>
5 – Thursday, October 27	<ul style="list-style-type: none"> <li>• IPO Assignment is Due</li> <li>• Discuss <b>Alibaba IPO</b> case</li> <li>• International Markets Lecture</li> </ul>
6 – Thursday, October 27	<ul style="list-style-type: none"> <li>• Financing Decisions Lecture</li> <li>• Discuss <i>Note on Raising Equity and Equity-linked Capital</i></li> <li>• Discuss <b>Jet Blue Financing</b> case</li> </ul>
7 – Thursday, November 3	<ul style="list-style-type: none"> <li>• Private Equity Market Overview</li> <li>• [Guest Speaker TBD]</li> </ul>
8 – Thursday, November 3	<ul style="list-style-type: none"> <li>• Strategic Alternatives Lecture</li> <li>• Discuss <i>Note on Strategic Alternatives</i></li> <li>• Discuss <b>EMC-VMware</b> and <i>McDonald’s-Chipotle</i> cases</li> </ul>
9 – Tuesday, November 15	<ul style="list-style-type: none"> <li>• Alcoa Assignment is Due</li> <li>• Financial Crises Lecture</li> <li>• Discuss <b>Alcoa &amp; Netflix</b> cases</li> </ul>
10 – Tuesday, November 15	<ul style="list-style-type: none"> <li>• Activist Market Overview</li> <li>• Guest Speaker: Jesse Cohn, Head of US Activism, Elliott Management</li> <li>• Discuss <b>Elliott-Riverbed</b> case</li> </ul>

11 – Tuesday, November 29	<ul style="list-style-type: none"><li>• M&amp;A Market Overview</li><li>• [Discuss Dell Case]</li><li>• Discuss <b>Electrolux-GE Appliance</b> case</li></ul>
12 – Tuesday, November 29	<ul style="list-style-type: none"><li>• Last Class Summary</li></ul>
13 – Thursday, December 1	<ul style="list-style-type: none"><li>• FINAL – Group Presentations</li></ul>
14 – Thursday, December 1	<ul style="list-style-type: none"><li>• FINAL – Group Presentations</li></ul>