



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 439 H1F

Private Equity and Entrepreneurial Finance

Fall 2019

Course Meets: Thursdays at 7:10pm in RT 142

Instructor: Steve Balaban, Off Campus.
E-Mail: steve.balaban@utoronto.ca
Webpage: <http://q.utoronto.ca>
Phone: N/A
Fax: N/A
Office Hours: By Appointment Only
Teaching Assistant: TBC

Course Scope and Mission

The primary objective of the course is to improve students' ability to understand the concepts and institutions involved in private equity. The course will provide students with skill sets so they can analyze and understand private equity from multiple perspectives: the perspective of the individual/firm seeking and receiving private equity finance; the perspective of the private equity fund; and, the perspective of the limited partners that provide finance for private equity funds. Students will also learn how to build Leverage Buyout (LBO) models.

This course uses case analysis to learn about private equity, including an emphasis on practical elements and will involve guest speakers who will share their experiences in the private equity industry. Whether students are interested in a career in private equity or are looking to familiarize themselves with the industry, this course will offer an in-depth understanding of how private equity works and an ability to analyze and present complex situations in the private markets.

Course Prerequisites

RSM333H1

Required Readings

<https://hbsp.harvard.edu/import/652176>

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

<u>Work</u>		<u>Due Date</u>
Class Participation	15%	Ongoing
Case Presentations	15%	Ongoing
Assignment	20%	Monday, October 7 th at 5pm
Midterm Exam	20%	Thursday, October 17 th
Final Group Presentations	30%	See this document for details

COURSE FORMAT AND EXPECTATIONS

Class Participation (15%)

You are expected to be prepared and involved in all class discussions. This includes reading cases and all posted material prior to class. For our guest speaker classes, you are expected to be prepared to ask relevant questions about the speaker and the speaker's firm.

You will be given a participation sheet in the first class of the semester (the details of the sheet will be discussed in class on the first day of class). If your sheet gets lost, you will get a zero for your participation grade.

Case Presentations (15%)

You will be assigned a team, during the first class, that will be responsible to present a summary of a case in class. You must email your final slides to the instructor and submit the slides to Quercus **by 5pm on the Monday before your presentation**. Details of the presentation will be discussed on the first day of class.

Assignment (20%)

You will be given an assignment that will assess your ability to describe how private equity fits into the investment landscape for a specific investor. The assignment must be emailed to the instructor and uploaded to Quercus **by 5pm Monday, October 7th, 2019**. Details of the assignment will be discussed in class.

Please note that clear, concise, and correct writing will be considered in the evaluation of the Assignment. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (<http://www.studentlife.utoronto.ca/asc>) or one of the College Writing Centres (www.writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Midterm Examination (20%)

Students should expect to be tested on all material including: text, assigned readings, assignments and lectures. One midterm examination is scheduled in the 7th week of the course.

Final Group Presentations (30%)

You will form a team that will be responsible to present an evaluation of a private equity opportunity. You must email your final slides and LBO Model to the instructor and submit the slides/model to Quercus **by 5pm on Wednesday, November 27th, 2019**. Details of the presentation will be discussed in class.

Presentation Guidelines

The Case Presentations and the Final Group Presentations require students to work in teams. Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students; to work well in teams, it helps to follow a set of core expectations to best succeed at your team projects.

1. Read the document entitled, "Working in Teams: Guidelines for Rotman Commerce Students" which is available on the RC portal under the Academic Services tab.
2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving conflicts:

Conflicts are part of the team's process of learning how to work together. When handled well, it can generate creativity and bring-multiple perspectives to the solution.

Student teams are expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). When teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach** as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

**For an appointment with a Rotman Commerce Team Coach, please contact Nouman Ashraf at nouman.ashraf@rotman.utoronto.ca Nouman is highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach's role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

Electronic Course Materials

This course will be using the following electronic course materials:

<https://hbsp.harvard.edu/import/652176>

These materials will cost a total of US\$42.50 The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Weekly Schedule

Session	Date	Topic	Readings
1	Sept 5 th	Private Equity Industry Overview Partnership Structure Compensation	Case: Note on the Private Equity Partnerships
2	Sept 12 th	Limited Partners Alternative Investments as an Asset Class Choosing Private Equity Funds	Case: Yale University Investments Office: February 2015
3	Sept 19 th	Total Portfolio Approach Co-Investing Direct Investing for LPs	Case: The Canada Pension Plan Investment Board Case: Going Direct: The Case of Teachers Private Capital
4	Sept 26 th	Detailed Example of a General Partner Publicly Traded Private Equity Firms	Case: Blackstone at Age 30 Case: The Carlyle Group: IPO of a Publicly Traded Private Equity Firm
5	Oct 3 rd	Guest Speaker	
6	Oct 10 th	Venture Capital Simulation	
7	Oct 17 th	Midterm Examination	
8	Oct 24 th	Understanding LBOs	Case: Technical Note on LBO Valuation (A)
9	Oct 31 st	Understanding LBOs	Case: Bain Capital and Dollarama
10	Nov 14 th	Guest Speaker	
11	Nov 21 st	How to Price a Private Equity Deal The Power of Networks in Private Equity	Case: Bidding for Hertz: Leveraged Buyout Case: Heidi Roizen
12	Nov 28 th	Final Presentations	Final Presentations

POLICY AND PROCEDURE

Missed Tests and Assignments (including midterm examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.

In the event that Rotman Commerce approves the documentation provided by a student for a missed assessment, the weighting from the missed assessment will be divided in a pro-rated manner among the remaining (non-completed) assessments. This is will be subject to the instructor's discretion.

Late Assignments

All assignments are due at specified dates and times outlined in this document. Late submissions will normally be penalized by 10% if the assignment is not received on the specified date, at the specified time, a further penalty of 20% will be applied to each subsequent day.

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: accessibility.services@utoronto.ca or <http://www.studentlife.utoronto.ca/as>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers

- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to the UofT Portal login at <https://q.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.