

“Deals” Course Description

This course focuses on the role of professionals in creating value through transaction engineering. The overall goal of the course is to explain how private parties actually order their commercial interactions and to develop a relatively systematic theory of how they ought to do this.

The instructors are Michael Knoll from the Law School faculty and Daniel Raff from Wharton.

The first part of the course will be devoted to impediments to transacting including problems of asymmetric information, difficulties intrinsic to transacting over time, enforceability, and various forms of strategic behavior and to a variety of possible responses rooted in decision theory, option theory, techniques for minimizing the effects of information problems, risk management, and incentive alignment. Relatively straightforward examples are considered. We then consider accounting and tax issues and some more complex cases. In the final ten classes, student teams apply the tools developed in the first part of the course to analyzing the documents implementing a series of recent real transactions. There are in-class presentations on each transaction by involved professionals. This part of the course will be described in more detail in a memo to be circulated once the roster of deals is fixed.

Reading materials for the first half of the course will consist of articles, legal decisions, and short or excerpted transaction documents. The principal materials for the second half will be sets of transaction documents corresponding to the deals and analytical memoranda prepared by each student deal team.

Grades will be based on team performance and class participation.

Enrollment will be restricted this year to 50, of whom 25 will be second-year MBA students and 25 will be upperclass or LLM students from the Law School. The course should be of interest to Wharton students intending to go into investment banking, all forms of private equity, and careers in which they will repeatedly be seeking financing from these sorts of parties. Law students intending to go into transactional work will also find it of value.