

UNIVERSITY OF PENNSYLVANIA  
The Wharton School  
FNCE 283/783 - Strategic Equity

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**REVISED – November 14, 2018**

**Course Objectives**

The course combines lectures and cases and will go through actual situations where companies need to strategically use equity. 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 going 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 past term:



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.

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

Additionally, to broaden the discussion, we will also have two guest speakers, Matt Salzberg (Founder & Executive Chairman, Blue Apron) and Chris Turner (COO & Partner, Warburg Pincus).

In addition to leverage our time together, we have posted videos of previous guest lecturers including Wharton alums Will Danoff (Portfolio Manager of Fidelity Contrafund, the largest actively managed equity mutual fund in the world); venture capital panelists Sarah Guo (Partner, Greylock Partners), Trevor Oelschig (Partner, General Catalyst Partners), Arif Janmohamed (Partner, Lightspeed Venture Partners), Neil Occhiogrosso (Partner, Costonoa Ventures), Rama Sekhar (Partner, Norwest Venture Partners), and Jason Stoffer (Partner, Maveron Partners); crowdfunding entrepreneur Slava Rubin (Founder, Indiegogo, one of the largest crowdfunding sites); Rob Katz (CEO of Vail Resorts); as well as CEO of a company that went public last year (Greg Schott, CEO of MuleSoft, a \$3 billion market cap enterprise software company). A few of these videos we will ask you to watch to further focus our discussions. If this is the case, we will discuss in class, as well as post an announcement, to help you prepare for class.

### **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 as much as 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 8 am on the day they are due**. Due dates for each group assignment are boxed on the calendar on the class-by-class syllabus. All group assignments, as well as the final group project, will be graded on both overall quality, as well as relative quality 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. Engagement will also be measured by the quizzes. In addition to two “At Home” quizzes, there will be a few quizzes given during class which will cover materials assigned and covered.

The final 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. **All group members will be expected to attend and participate in the final presentation.** Depending on the class size, we may have to schedule some final presentations outside of normal class time the final week. If

there is an emergency and 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.

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. 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 that is the case, we will send an email via Canvas.

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 last Spring's Canvas site:

Name	Date Created
Class 1 - For January 11th	Jan 13, 2016
Class 2 - For January 16th	Nov 15, 2017
Class 3 - For January 18th	Jan 13, 2016
Class 4 - For January 23rd	Jan 21, 2016
Class 5 - For January 25th	Feb 6, 2016
Class 6 - For January 30th	Jan 26, 2017
Class 7 - For February 1st	Apr 15, 2016
Class 8 - For February 6th	Dec 31, 2016
Class 9 - For February 8th	Nov 15, 2017
Class 10 - For February 13th	Nov 15, 2017
Class 11 - For February 15th	Apr 15, 2016
Class 12 - For February 20th	Jul 3, 2017
Class 13 - For February 22nd	Jul 3, 2017
Class 14 - For February 27th	Feb 6, 2018

## **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.

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**

We will be posting weekly office hours for us as well as our TAs. If those times don't suit your schedule, please email one of us to arrange 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)

**Class-by-class Tentative Syllabus:**

CLASS	TOPICS
1 – Thursday, January 17	<ul style="list-style-type: none"> <li>• Course Introduction &amp; Canvas Overview</li> <li>• Market Overview Lecture</li> <li>• Introduction to Deals: Prospectuses &amp; Research</li> </ul>
2 – Tuesday, January 22	<ul style="list-style-type: none"> <li>• Private Market and Going Public Discussion</li> <li>• Going Public (or Not) Decision “vignettes:” <i>Neuberger Berman, Vineyard Vines, SoulCycle, Peloton, Spotify, Pure Storage</i></li> </ul>
3 – Thursday, January 24	<ul style="list-style-type: none"> <li>• <b>At Home Quiz is Due</b></li> <li>• Discuss IPO Process</li> <li>• Discuss <b>JetBlue IPO</b> case</li> </ul>
4 – Tuesday, January 29	<ul style="list-style-type: none"> <li>• <b>Private Market &amp; IPO Guest Lecture (1:30 pm section only)</b></li> <li>• <b>Guest Lecturer: Matt Salzberg, Founder &amp; Executive Chairman, Blue Apron</b></li> </ul>
5 – Thursday, January 31	<ul style="list-style-type: none"> <li>• Review <i>Notes on IPO Analysis</i></li> <li>• Discuss <i>MuleSoft IPO</i> case &amp; video</li> <li>• Discuss <b>Quintiles IPO</b> case</li> </ul>
6 – Tuesday, February 5	<ul style="list-style-type: none"> <li>• <b>First Group Case Assignment is Due</b></li> <li>• Discuss <b>Alibaba</b> case</li> <li>• International Markets Lecture</li> </ul>
7 – Thursday, February 7	<ul style="list-style-type: none"> <li>• Financing Decisions Lecture</li> <li>• Review <i>Note on Raising Equity and Equity-linked Capital</i></li> <li>• Discuss <i>Tesla Financing</i> case</li> </ul>
8 – Tuesday, February 12	<ul style="list-style-type: none"> <li>• <b>Private Equity Guest Lecture (1:30 pm section only)</b></li> <li>• <b>Chris Turner, COO &amp; Partner, Warburg Pincus</b></li> </ul>
9 – Thursday, February 14	<ul style="list-style-type: none"> <li>• <b>Second Group Case Assignment is Due</b></li> <li>• Impact of Financial Crises Lecture</li> <li>• Discuss <b>Alcoa</b> and <i>Netflix</i> case</li> </ul>
10 – Tuesday, February 19	<ul style="list-style-type: none"> <li>• Strategic Alternatives Lecture</li> <li>• Review <i>Note on Strategic Alternatives</i></li> <li>• Discuss <b>EMC-VMware</b> case</li> </ul>

11 – Thursday, February 21	<ul style="list-style-type: none"> <li>• Activism Lecture</li> <li>• Discuss <b>Elliott – Goes After Riverbed</b> and <b>Pershing Square – JCP</b> case</li> </ul>
12 – Tuesday, February 26	<ul style="list-style-type: none"> <li>• <b>M&amp;A At Home Quiz is Due</b></li> <li>• Acquisition Financing Lecture</li> <li>• Discuss <b>Electrolux-GE Appliance</b> case</li> <li>• Discuss <i>Chobani stake sale</i> case</li> </ul>
13 – Thursday, February 28	<ul style="list-style-type: none"> <li>• The Last Class – A Summary &amp; Updates on Companies Discussed</li> </ul>
14 – Tuesday, March 12	<ul style="list-style-type: none"> <li>• <b>Final Presentations</b></li> </ul>
15 – Thursday, March 14	<ul style="list-style-type: none"> <li>• <b>Final Presentations</b></li> </ul>