

UNIVERSITY OF PENNSYLVANIA  
The Wharton School  
FNCE 7830 - Strategic Equity

D. Erickson & D. Musto

**REVISED – January 17, 2023**

## **Course Objectives**

The course combines lectures and cases that 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, regulatory and valuation impact. The cases span industry sectors and include both U.S. and international companies. To give you a sense of the diversity of the companies covered, here are some of the companies we covered in Spring 2022:



As we do every term, we will work to incorporate “live” situations into this term as well.

To broaden the discussion, we may have a few guest speakers during the term. As they have limited availability, they will only one be able to join one of the classes (as we also teach Strategic Equity Finance – FNCE 2830 - in the mornings from 10.15 – 11.45). If the speaker(s) are scheduled for our section, students from the other section will be invited to join; and vice versa if they join the 2830 class, if you are available, please plan to attend.

We further leverage our time together with 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); Rob Katz (CEO of Vail Resorts); Joey Zwillinger (Co-Founder and Co-CEO of Allbirds); 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); as well as Mike Bingle (Managing Partner, SilverLake Partners); Jeremy Levine (Managing Partner, Bessemer Venture Partners); Greg Schott (CEO, MuleSoft) and Glenn Schiffman (CFO, IAC). 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 group case assignments (will each count as 20% of your grade for the term); 2) class engagement (30%), which will include class participation as well as a few quizzes based on either videos (both the Will Danoff and Rob Katz videos have corresponding quizzes) or content from class and/or the materials assigned for class; and 3) final group presentation (30%). At this moment, we are planning for the group presentations to be delivered remotely. These final presentations will be scheduled during the last week of the course, and **all team members need to participate in their group presentation.**

The two group case assignments will be assigned during class and will be **due at 8 am (US Eastern/Philadelphia time) 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 will be graded on both overall quality, as well as relative quality to the other groups’ submissions. Additionally, there are three individual quizzes also boxed on the calendar. These will also be **due at 8 am on the day they are due.** It is possible there may be another quiz; but if there is, we will give proper notice to ensure everyone has the time to complete it.

As the course is case-driven, we would still encourage class participation; and will do everything possible to encourage this. Ideally, quality, not quantity, of participation and contribution to class discussion will be valued. We recognize however that some students will not be able to join our classes “live” given the time difference of where they are now. Please try to let us know if you are unable to join “live.” This will help us both to connect with you at times best for you and also to help

facilitate group formation for those that might have similar timing issues.

The final group assignment will be assigned probably about halfway through the term. This timing will provide that we have covered the content needed, as well as give you adequate time to prepare. For the final assignment, it is our expectation that all group members are available and will participate. Though, if there is an emergency, please let us know as soon as practical and we will work to make necessary accommodations.

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 additional material on the Canvas site such as prospectuses and background materials. 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 that in "Documents for Class."

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

We will be recording all classes, but we would encourage all of those that are able to join class "live" to please do so. For those that are unable to join "live," you are still responsible for the content covered in class as well as completion of all group assignments and quizzes when due.

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

## **Office Hours & Contact Information**

Office Hours: TBD

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

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

Our TAs for the term are:

Luke Dinges at [dignesl@wharton.upenn.edu](mailto:dignesl@wharton.upenn.edu)

Samantha Sohal at [ssohal@wharton.upenn.edu](mailto:ssohal@wharton.upenn.edu)

In terms of the types of questions you might have, if you have questions about material covered in class, please reach out to either David. If you have questions on the group assignments, please feel free to reach out to either David or the TAs. ***One cautionary note, again given the size of each section, if you have a substantive question on a group assignment, please don't wait until the night before the assignment is due as it may be harder to get one of us.***

**Class-by-class Tentative Syllabus (all times listed US Eastern/Philadelphia time):**

CLASS	TOPICS
1 – Tuesday, March 14th	<ul style="list-style-type: none"> <li>Course Introduction</li> <li>Private Market and Going Public Overview</li> <li>Going Public (or Not) Decision “Vignettes”: <i>Neuberger Berman (A)</i>; <i>Vineyard Vines</i>; <i>Spotify</i>; <i>airbnb</i></li> </ul>
2 – Thursday, March 16th	<ul style="list-style-type: none"> <li><b>“Will Danoff” Quiz is Due at 8 am</b></li> <li>Discuss <i>Note on IPO Analysis</i></li> <li>Discuss <b>Square</b> IPO case</li> </ul>
3 – Tuesday, March 21st	<ul style="list-style-type: none"> <li>Discuss <i>Note on IPO Analysis</i></li> <li>Discuss <i>Allbirds</i> IPO &amp; <b>Quintiles</b> cases</li> </ul>
4 – Thursday, March 23rd	<ul style="list-style-type: none"> <li><b>First Group Case Assignment is Due at 8 am</b></li> <li>Discuss <b>Alibaba</b> assignment</li> </ul>
5 – Tuesday, March 28th	<ul style="list-style-type: none"> <li>Financing Decisions Lecture</li> <li>Review <i>Note on Raising Equity and Equity-linked Capital</i> note</li> <li>Discuss <i>Carnival Cruise</i> case</li> </ul>
6 – Thursday, March 30th	<ul style="list-style-type: none"> <li><b>Strategic Alternatives Quiz is Due at 8 am</b></li> <li>Strategic Alternatives Lecture</li> <li>Review <i>Note on Strategic Alternatives</i></li> <li>Discuss <b>EMC-VMware</b> case</li> </ul>
7 – Tuesday, April 4th	<ul style="list-style-type: none"> <li><b>Second Group Case Assignment is Due at 8 am</b></li> <li>Discuss <b>Alcoa</b> &amp; <i>Netflix</i> cases</li> </ul>
8 – Thursday, April 6th	<ul style="list-style-type: none"> <li><b><i>The Private Equity Market</i></b></li> <li><b><i>Guest Lecturer: Chris Turner, Executive Management Member, Warburg Pincus</i></b></li> </ul>
9 – Tuesday, April 11th	<ul style="list-style-type: none"> <li><b>M&amp;A At Home Quiz is Due at 8 am</b></li> <li>Acquisition Financing Lecture</li> <li>Discuss <i>Vail Resorts – Whistler</i> and <b>Electrolux-GE Appliance</b> case</li> </ul>
10 – Thursday, April 13th	<ul style="list-style-type: none"> <li>The Activist Market</li> <li>Discuss <b>Elliott-Riverbed</b> case</li> </ul>
11 – Tuesday, April 18th	<ul style="list-style-type: none"> <li><b>Final Presentations</b></li> </ul>
12 – Thursday, April 20th	<ul style="list-style-type: none"> <li><b>Final Presentations</b></li> </ul>