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FIN 485 | Entrepreneurial Private Equity: Perspectives From Practitioners

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Summary

The course takes a unique approach to understanding the private equity industry through an entrepreneurial lens. The course is highly practical incorporating the perspectives of industry participants, primarily private equity investors and entrepreneurs. Over the course of the semester the class covers the entire middle-market private equity transaction process, from fundraising to sourcing to structuring to value creation to exit. The course is divided into two parts. The first part focuses on the core technical aspects of private equity and entrepreneurial transactions: identifying key value drivers, structuring deals, and financing deals. The second part focuses on the strategic and tactical aspects of the private equity industry including the dynamics between investors and fund managers, fundraising, deal sourcing, deal process, operational and transactional value creation, and exit strategies. The audience for the course is students interested in private equity, entrepreneurship, investment banking, institutional investing, and commercial banking. The course is in a case/discussion format and is highly interactive. Many classes features one or more panelists from the private equity industry. Grading is based on class participation, case assignments, a paper, and a final exam.

Goals of the Course

After completing this course, students should have a better understanding of how private equity managers and entrepreneurs (1) identify key value drivers, (2) source, structure, negotiate and finance deals, (3) generate operational and transactional value, and (4) strategically exit investments.

Besides the academic course goals described above, this class features two parallel elements designed to advance students' career opportunities and apply students' knowledge outside the classroom:

- *Networking opportunities.* Recognizing that breaking into the alternative investments industry is driven to a large extent by networking (especially for those students who do not have the "appropriate" background), this course features many industry guest speakers and dedicated networking sessions. In fact, this class grew out of a lecture series which was designed to give students an opportunity to network with industry practitioners.
- *Buying a business.* This class features a practical framework for buying a business with minimal out-of-pocket cash requirements that can be executed by any student in the class (indeed, several students have bought businesses using the concepts discussed in this class).

Format

The course is delivered in a hybrid format. Approximately half the content is delivered using synchronous Zoom classes, which are primarily in a discussion format and highly interactive. The remaining content is delivered asynchronously using pre-recorded video lectures. Many classes feature a panel of one or more private equity industry practitioners to share their own practical experiences, perspectives, and advice. For three classes there is a assignment discussion (see the section on deliverables & grading for more information on case procedures).

Materials

Most of the materials used in the course are business cases and other materials from various books, journals, and newspapers. All non-copyrighted class materials are made available through the class website located at classes.emory.edu. Copyrighted class materials are made available through study.net.

The textbooks for this course are "Buying a Small Business" by Ruback and Yudkoff and "An Introduction to Investment Banks, Hedge Funds, and Private Equity" by David Stowell.

Deliverables and Grading

Course grades are based on each individual's cumulative score relative to the rest of the class. The following elements determine one's score:

Case Reports (25 percent of overall grade): There are two case assignments. To execute the case assignments, students form into self-selected two person teams or partnerships at the beginning of the semester. Partnerships are expected to meet (in-person or virtually) to discuss and execute each team

assignment. For each case, each partnership designates one person as “managing partner” (MP). The managing partner structure allows partnerships to efficiently allocate the work within the partnership, with the managing partner taking the lead on the case and the other members of the partnership supporting the managing partner. Each student must serve at least once as a MP. Since there are two cases, each partnership cannot have more than two members. Partnerships with less than two members need to complete all cases but can select (if any) which cases will have no MP at the end of the semester (as long as each member serves at least once as a MP). For each case, each partnership is expected to turn in a two-page report (plus up to three pages of supporting calculations) at the start of the class in which the respective case discussion takes place. A case score counts twice for the managing partner on that case.

Problem Sets (15 percent of overall grade): There is one problem set to be completed by individuals, not teams.

Class Participation (15 percent of overall grade): Class participation is vital to the success of the course. For class participation, quality is better than quantity. You need not speak often; you need to speak thoughtfully. There are multiple opportunities for class participation, inside and outside of class. The main criteria is “Did you help other people learn?”

Methods to gain class participation include: attendance, quality of preparation and in-class responses, discussion boards on Canvas (if any), volunteer presentations (if any), in-class exercises, and a student survey at the end of the semester in which each student can acknowledge those peers who contributed most to their learning and class experience.

Final Exam (45 percent of overall grade): There is a open book online exam reviewing the materials of the entire semester.

Grade Distribution: The final grades in this course adhere to the Goizueta recommended grade distribution:

BBA Grade	Frequency
A	15% - 25%
A-	15% - 25%
Not to exceed	40%
B+	15% - 25%
B	15% - 25%
B-	10% - 15%
Not to exceed	50%
C+ or below	10%

Contact Information & Office Hours

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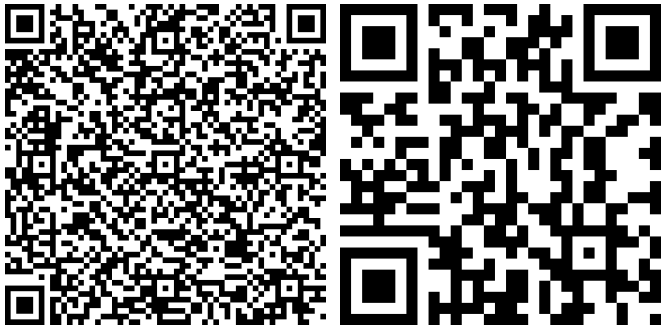
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Professor Bios

Klaas P. Baks PhD is a recognized thought-leader in the alternative investments industry. The combination of cutting-edge academic insights and leading industry practices forms the foundation of his investment ideas and research. An award-winning professor and a frequent speaker on topics related to alternative investments, investing and entrepreneurship, he is known for a unique ability to combine original and useful business content with an engaging and dynamic speaking style.

Dr. Baks is the Executive Director and Co-Founder of the Emory Center for Alternative Investments and a Professor in the Practice of Finance at Emory University's Goizueta Business School. The Emory Center for Alternative Investments is a global leader in the alternative investments industry.

Dr. Baks's research and teaching focuses on issues in alternative investments, entrepreneurial finance and investment management, and he has published papers in numerous academic and business journals, including the Wall Street Journal. He teaches courses in private equity, venture capital and entrepreneurial finance at Emory University and has been recognized by students and alumni with nine awards, including the Marc F. Adler Prize for Teaching Excellence awarded by alumni, the Donald R. Keough Award for Excellence, and the university's highest award for teaching excellence, the Emory Williams Distinguished Teaching Award.

Dr. Baks serves as director or advisor for over 13 companies and investment funds with over \$1.5 billion in assets under management, including American Virtual Cloud Technologies (NASDAQ: AVCT), Buckhead One Financial (fixed Income), Peachtree Hotel Group (real estate), TWO Capital Partners (real estate), and Vistas Media Acquisition Company (NASDAQ: VMAC). An active member of the Atlanta community, Dr. Baks serves on the board of the Michael C. Carlos Museum and is a former member of the Investment Committee of the Westminster Schools Board of Trustees.

Prior to joining Emory University, Dr. Baks held positions at Fuji Bank in Tokyo, Japan, Deutsche Bank in Hong Kong and the International Monetary Fund in Washington DC.

Dr. Baks studied at the Wharton School at the University of Pennsylvania (PhD in Finance), Brown University (Master's in Economics), Groningen University (Master's in Econometrics, cum laude) and Leiden University (Diploma in Japanese Language and Business Studies). He spent two years at Harvard University as part of his doctoral research at Wharton on the performance of actively managed mutual funds.

Born and raised in the Netherlands, Dr. Baks resides with his wife and son in Atlanta, Georgia.