

FOUNDATIONS OF PRIVATE EQUITY

This Syllabus is to be used for Bidding purposes only, and is subject to change

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Course Information and Required Materials:

This course is offered as a half term course (6 sessions of 3.0 hours) **for 1.5 credits**.

This is an application based class - students must have completed an application in Spring 2023 to join

Students must have the following materials for this course:

1. Private Equity Case Materials (Donna M. Hitscherich © 2021-2023) (the “PE Case Materials”) which form the basis for the lecture notes for the class sessions
2. Articles posted to CANVAS or distributed by the professor prior to the class sessions (collectively, the “Articles”)
3. Materials and assignments distributed by in-class speakers throughout the semester (“Practitioner Materials”)

While not required, many students find the following text useful:

C. Zeisberger, M. Pahl and B. White, Mastering Private Equity (Wiley 2017) (hereinafter “Mastering Private Equity”)

Please note the following:

1. The *PE Case Materials* and the *Practitioner Materials* will be available in Canvas
2. Class sessions ***will not*** be recorded
3. Active class participation is an important component of the course and will count for thirty percent (30%) of the course grade
4. Prior preparation of materials for each and every class session is essential. In addition to the assigned readings, there will be a written assignment required for each of the class sessions. These assignments will account for thirty percent (30%) of the course grade and will involve both individual (15%) and group work (15%)
5. The course will require: (a) an analysis of three (3) companies of the student’s choosing that the student believes would make a good investment for a private equity fund (the

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“Company Summary Analysis”) and a presentation during class time of same and (b) successful completion of an individual take-home closed book objective short answer 50-question “quiz” (the “Objective Questions” and together with the Company Summary Analysis, collectively, referred to as the “Class Final”). The Class Final will account for forty percent (40%) of the course grade. The purpose of the “quiz” is to insure the individual student has mastered the key foundational concepts of the class. **Each part of the Class Final is equally weighted; however, the student must achieve a grade of 65% or higher on the Objective Questions to receive a grade of HP or higher for the course.**

6. This course will apply the core course standard regarding unexcused absences. **Thus, unexcused absences equal to or greater than 33% of the number of class sessions (2 classes) will result in a grade of no higher than P and unexcused absences equal to or greater than 50% of the number of class sessions (3classes) will result in a grade of F for the course.** Excused absences will follow the guidelines established by the Office of Student Affairs, including religious observance, personal, medical and family emergencies, military service, or court appearances

The *PE Case Materials* along with the associated *Articles* and *Practitioner Materials* are designed to be self-contained and to serve as lecture materials for the designated classes. *Mastering Private Equity* is a basic text covering various aspects of the private equity industry. While the text may prove to be basic for some students, the materials referenced from the text will form testable material for the final quiz. The text is available in the book store and a copy is on reserve in the library.

Required Prerequisites and Connection to the Core:

This course builds upon the introductory courses in finance and connects with many aspects of the Columbia Business School core curriculum. Materials covered in this class and the pace of the class presume student mastery of the topics covered in the core curriculum, including those set forth below.

| Core Course | Connection to the Class |
|------------------------------------|---|
| Corporate Finance | Firm Valuation Models Capital Structure |
| Decision Models | Fundamental Concepts of Decision Making Sensitivity Analysis |
| Financial Accounting | Business Combinations |
| Global Economic Environment | Drivers of Business Cycles |
| Leadership Development | Negotiations |

Course Objectives, Class Work and Class Topics:

This course is an applications-oriented course requiring the student to solve actual problems

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likely to be encountered by professionals in today's private equity market.

Class topics will be imparted through lectures, assigned reading materials, required individual assignments, required written group case studies, and presentations by various private equity and legal professionals. **Students will be expected to complete each of the assigned readings prior to class and consequently, be in a position to participate meaningfully in class discussions.** Class lectures will focus on the "nuts and bolts" of the private equity practice, while practitioner presentations and student discussions will focus on the practical and real-world issues associated with decision making in the context of private equity.

At the conclusion of this course students will have an understanding of the topic areas set forth below gained through class presentations and the opportunity to practice many of the quantitative and non-quantitative skills necessary for success in the private equity industry.

The class will be organized around the following six (6) modules:

1. WHAT IS PRIVATE EQUITY?
2. WHAT MAKES A GOOD INVESTMENT?
3. HOW DO YOU PUT THE DEAL TOGETHER?
4. HOW DO YOU CREATE VALUE IN A PORTFOLIO COMPANY?
5. WHAT DOES SUCCESS LOOK LIKE?
6. WHAT COULD POSSIBLY GO WRONG?

Assignments, Class Final and Evaluation of Performance:

This course will require (all as more fully described on the Course Schedule and Assignment Due Dates posted on CANVAS): (1) **individually** prepared assignments of Type B1 ("Individual Assignments") (15%) and **group prepared** assignments ("Group Assignments") of Type A (15%); (2) class participation of Type C ("Class Participation") (30%); and (3) as defined above, a Class Final (40%) composed of two parts: (a) individually prepared Objective Questions (comprehensive take home final objective short-answer questions) of Type C (20%) and (b) Company Summary Analysis (20%) which will require the student group to submit a written analysis and present a summary thereof in class.

The student must achieve a grade of 65% or higher on the Objective Questions to receive a grade of HP or higher for the course.

The grading rubric for each assignment is on the course website with the assignment. Due dates for the class work will be posted to the course website. **All assignments are due on the date indicated. Late assignments will not be accepted for full credit.**

Readings:

Reading assignments must be completed prior to class. Before the next class, class time will

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be devoted to previewing the next assignment and the key concepts thereof. Reading assignments are designed to support the case materials, which will form the basis of the class discussions. **Class discussions constitute an integral part of the course and prior preparation of the assignments is essential.** *Class participation accounts for thirty percent (30%) of the grade in this course and will be evaluated through quality of contribution to class discussion.*

Review Materials:

Students are encouraged to contact the professor with any questions or problems that may arise during the course. Students may set up an appointment a mutually convenient time. Contact information is as follows:

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E-mail: dmh9@gsb.columbia.edu

Course Schedule and Assignment Due Dates:

The Course Schedule and Assignment Due Dates are posted to CANVAS. Please note that while the material covered in each class session is subject to change (due to the scheduling of presentations by outside private equity professionals), the assignment due dates are not.

Integrity Code:

Students are expected to abide by the Honor Code of Columbia Business School. Accordingly, when preparing solutions to Individual Assignments, Case Studies and the Class Final students are expected to present only *original* work. Thus, you must not rely on the work of students who have taken the course previously, students in other sections of the course, solutions posted on the internet, etc.

For the avoidance of doubt, reproduced below are the Individual and Group Work Guidelines as set forth in the Honor Code of Columbia Business available at:

<https://www8.gsb.columbia.edu/honor/definitions>

Individual and Group Work Guidelines

| TYPE | DESIGNATION | GRADE | PREPARATION OF SUBMISSION | DISCUSSION OF SUBMISSION* | DISCUSSION OF CONCEPTS** |
|------|--|----------------------------------|---------------------------|--|--------------------------|
| A | Group Work | Same grade for all group members | By the group | Permitted to discuss (within group) | Permitted |
| B1 | Individual w/ Discussions of Concepts and Submission | Individual grade | Individual preparation | Permitted to discuss; sharing solutions or submission files is not allowed | Permitted |
| B2 | Individual w/ Discussions of Concepts Only | Individual grade | Individual preparation | Not permitted to share/discuss solutions or submission | Permitted |
| C | Individual | Individual grade | Individual preparation | Not permitted to share/discuss solutions or submission | Not permitted*** |

* Submission means any work and/or output pertaining to the specific assignment. If an assignment submission contains a calculation or decision related to a specific set of data and setting, discussing the details how to make this calculation or decision with regard the data/setting is to discuss the submission. Providing another student with a draft of the calculation or decision is sharing the submission.

** Concepts mean any ideas, examples, readings, or other related materials from the class/course. Conceptual discussion should not be based on a specific set of data or setting related to a calculation or decision required in the assignment, but could be based on other related examples, preferably those from class/course materials.

*** As no conceptual discussion is permitted, Type C is akin to a take-home exam.

Class Norms and Expectations:

Class Attendance/Lateness: It is expected that you will come to class on time and stay for the full period. **In addition, please note that this course will apply the core course standard regarding unexcused absences. Thus, unexcused absences equal to or greater than 33% of the number of class sessions (4 classes) will result in a grade of no higher than P and unexcused absences equal to or greater than 50% of the number of class sessions (6 classes) will result in a grade of F for the course.** Excused absences will follow the guidelines established by the Office of Student Affairs, including religious observance, personal, medical and family emergencies, military service, or court appearances.

Return of Assignments: Assignments will be returned by the next class session either in class or in your mail folders.

Laptops and Other Electronic Devices: Laptops and other electronic devices will not be permitted during class sessions. You should bring an individual copy of the case or problem set assignment that we will be discussing on a particular day.

Name Cards: Students should bring name cards to all class session

Inclusion, Accommodation and Support for Students:

At Columbia Business School, we believe that diversity strengthens any community or business model and brings it greater success. Columbia Business School is committed to providing all students with the equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias on the basis of gender, sexual orientation, race, ethnicity, socioeconomic status, or ability.

Columbia Business School will make reasonable accommodations for persons with documented disabilities. Students are encouraged to contact the Columbia University's Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University's Office of Disability Services online at www.health.columbia.edu/docs/services/ods/index.html or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff and faculty. Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator. They will treat this information as private, but will need to follow up with you and possibly look into the matter.

Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. "Gender-based misconduct" includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment. For more information, see <http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students>.