Entrepreneurship and Innovation in Financial Services: Private Equity and Venture Capital Perspectives

B8495-001 - Master Class
Thursdays, 2:15-5:30 pm – Uris Hall 307
Finance and Economics Division - Spring 2015

Faculty
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Office Hours
Thursdays, 5:30-7:00 pm or by appt
Wednesdays, 4:00-5:30 pm or by appt

Office Location
Uris 211
Uris 825

IMPORTANT NOTE:  This class is part of the Columbia Business School master class program www8.gsb.columbia.edu/programs-admissions/academics/versatile-programs/master-classes. It is limited to 36 second-year MBA students, and attendance at all classes is mandatory. A majority of project-team and -sponsors meetings will take place on Fridays off-campus for most of the day. While not all Fridays throughout the semester may so be used, students in this course should not have any standing Friday obligations and must not be involved with any other internships or similar engagements for the duration of the semester.

COURSE SUMMARY

Financial services is an industry that is ripe for disruption. We are seeing dramatic global changes in the realms of payments, lending, insurance, and wealth management, driven by the interaction of technological innovation and the underlying economics of the industry, and Private Equity and Venture Capital firms are often funding and fostering this trend.

In this course we will study this innovation and entrepreneurship in the financial services industry. We will do so through a combination of cases, lectures, class discussions, and guest speakers, designed to teach students economic principles and put students in the shoes of managers and decision-makers addressing a plethora of challenges facing the industry. We will examine both products and processes for innovation in the financial services industry.

But in addition to this, as a master class the course has a unique component: enrolled students will be assigned to teams that will work at prominent private equity and venture capital firms on a regular basis throughout the semester, each team may be assigned to a VC or PE firm and will work on a project involving current research, deals, and/or transaction. At the end of the semester, each
team will present the findings of their project to the firm and to the faculty. This practical and hands-on approach will enable students to gain relevant knowledge and work experience as well as apply course material and takeaways in actual business settings. Please note that enrolled students are required to sign Confidentiality and/or Non-Disclosure Agreements (NDA).

GUEST SPEAKERS

Through its guest-speaker series, the course will expose students to entrepreneurs who have launched, managed, grown, and in some cases exited ventures in financial services, either as stand-alone entities or as “intrapreneurial” spin-offs/startups within large companies and organizations. We will also hear speakers from VC, PE, creative, and other related firms.

WHO SHOULD TAKE THIS COURSE?

This course is designed to help MBA students learn and apply key economic and entrepreneurial principles, with an eye toward responsible innovation in financial services. As such, the class will be beneficial to students interested in pursuing careers in: i) Financial Institutions Group (FIG) divisions of investment banks and consulting firms, ii) asset management funds, including private equity and venture capital funds, and iii) management-path roles in banking (commercial or otherwise) and PE/VC portfolio enterprises. And of course those who are planning to embark (either sooner or later) on entrepreneurial ventures within the financial services industry will find the content to be relevant and applicable to their future goals.

While the applications are primarily focused on financial services, the course also is intended for a broader audience - those interested in identifying, launching, and managing innovative ventures in other realms. We will learn about the process of innovation: how to learn, focus, create, test, and execute. And one of the goals of our course is to fuel the entrepreneurial passion and innovative focus of students. So the course will be helpful for anyone wanting to become a responsible business leader capable of identifying market opportunities, scrutinizing deal dynamics, managing risk, addressing capital needs, and tackling eventual pre- and post-launch general management and investor matters, in a wide variety of entrepreneurial settings.

The course lessons could be called to action either immediately after graduation or perhaps many years after graduation when a suitable entrepreneurial opportunity presents itself.

COURSE PRE-REQUISITE

Capital Markets and Investments must be taken prior to enrollment in this class (minimum grade of HP). Students are expected to be thoroughly knowledgeable and proficient in quantitative and financial analysis and modeling. Entrepreneurial Finance and Private Equity (B8345) and Introduction to Venturing (B8713) are highly recommended, but not required.
COURSE STRUCTURE, DELIVERABLES, AND GRADING

There are two major components to this Master Class:

1. PROJECT INTERNSHIPS WITH PE/VC FIRMS

A key part of this Master Class is students’ participation with prominent private equity and venture capital firms to assist and work in a variety of capacities (i.e. supervised and structured internships). Pre-designated student teams, who will be required to sign and honor Confidentiality/Non-Disclosure Agreements (NDA), may be assigned to a Sponsor Firm and will work alongside each firm’s liaison on assigned tasks and projects. As such, students will have a unique opportunity to gain firsthand experience working with distinguished investment firms, apply class lessons and takeaways, and have an inside view on how deals are sourced and/or executed.

Grading and deliverables:

a. **Mid-semester progress report:** By mid-semester, student teams are required to submit a 1-2 page report describing progress on their project and team dynamics.

b. **Group presentation:** Student groups will present their findings and conclusions in a 15-minute presentation (based on a prepared PowerPoint deck) to faculty. Electronic and printed versions (2 copies) of the PowerPoint deck should be delivered to faculty prior to the presentation.

c. **Individual write-up of lessons learned:** Each students will turn in an individual short (2-3 page) write-up of the lessons that they learned from their project. This should to be turned in by the beginning of the last class session.

d. **Sponsors’ Evaluations:** Course faculty will continually consult our Project Sponsors throughout the semester to ensure the highest level of performance by the students as well as monitor progress by each team. At the end of the semester, sponsors will evaluate and rate team’s performance, both individually and as a group.

e. **Peer Assessments:** At mid-semester and at the end of the course, student teams will be required to anonymously rate their team members on a number of criteria that will be used to evaluate each member’s performance. Throughout the semester, the course faculty will meet regularly with each team to ensure proper progress and completion of the final project as well as to solicit feedback on a variety of topics, including the contribution of fellow team members.
2. **LECTURES, CASES, GUEST SPEAKERS, AND CLASS DISCUSSIONS**

   This course has a demanding curriculum and requires active participation and diligent, on-time completion of mandatory readings and assignments prior to each session.

   Relevant materials (articles, cases, class notes, news articles) will be posted in Canvas and/or handed out in class.

   The weights for determining final course grades are as follows:

   1. **Course Project: 60% of final grade**
      a. Mid-semester progress report (Type A assignment)
      b. Group presentation (Type A assignment, 20%)
      c. Individual write-up of lessons learned (Type B assignment, 10%)
      d. Sponsors’ Evaluations (20%)
      e. Peer Assessments (10%)

   2. **Class Participation / Cases: 40% of the final grade**

**EXPECTATIONS AND CONDUCT**

In order to have meaningful discussions in class, it is imperative that you come prepared by having carefully read cases, readings, and background material on our guest-speakers. The course instructors will randomly pre-select a student to “open” a case and will ask directed questions at any point in time during the case analysis. Class attendance and participation is an integral part of this course’s learning process, and as such, unexcused absences and disruptive behavior not only will have a detrimental effect on your final grade, but also will be considered disrespectful to your classmates.

Students are expected to devote significant time to this class – a total of approximately 15-20 hours a week that includes their weekly internship and preparatory work for lectures, cases, and/or guest-speakers’ presentations. As pointed out above, because meetings with firms occur primarily on Fridays, students in this course should not have any standing Friday obligations and must not be involved with any other internships or similar engagements.

No laptops or other electronic devices should be open or used during class unless specifically requested by the faculty.

In regard to guest speakers, the course’s faculty has gone to great lengths to secure the most relevant, accomplished, and student-friendly individuals whose presentations will greatly benefit the students and complement the lectures and case discussions. In order to show the due respect
and proper appreciation for the time and effort undertaken by such individuals to participate in and contribute to the course, it is imperative that all students be in full compliance with Columbia’s honor code of professional conduct.

**TEACHING ASSISTANT**

There may be a TA for the course whose contact information and office hours will be posted in Canvas. The TA will be made available to help with the material covered in class and provide guidance on team projects. You could also contact the TA with administrative questions related to teams, deadlines, course calendar, etc.

**OFFICE HOURS**

We encourage you to take advantage of our office hours as we would like to be as helpful to you as possible, be it for academic or career assistance.

We look forward to having a fun and productive class with you all.