Private Capital: From Seed & Venture Investing to Buy-outs & Spinoffs

SYLLABUS for Econ 333
Duke University Economics
Spring, 2020

Course: Private Capital/ Equity, Econ 333
Course Classroom: Social Sciences 111
Class time: Thursdays from 3:05pm-5:35pm
Professor: John Forlines III
Professor’s Office: 327 Social Sciences Bldg, 3rd Floor
TAs & Student Assistants:
Marie Rogers: marie.rogers@duke.edu, 831-236-4198
Chelsea Schlacks: chelsea.schlacks@duke.edu, 919-368-3695
Office Hours: By appointment and look for Announcements through Sakai for additional opportunities; I’ll have some time most Thursdays prior and after class and select Wednesday afternoons and Fridays throughout the semester -- email Marie, Chelsea or me and copy jangraham@jaforlinesfamilyoffice.com
Email: john.forlines@duke.edu
Office Phone: 919-660-1984
Mobile: 516-456-3060

IMPORTANT NOTES:
• Your grade for this class will be equally weighted as follows: 40% class participation, 20% Sakai Forum participation, 40% final assignment.
• If you cannot make it to class, please email me in well in advance. Your participation and working in class with teammates are a large component of your grade, so attendance is important.
• Part of this class is about professionalism – we will have guest speakers and you will do multiple class presentations. You’ll be warned on the days this matters, and besides, the Look we are going for is “business casual.” Hardly a high bar.
Because of the presence of guest speakers, who all have busy schedules, some of the dates and lectures may be subject to change. We ask for your patience on this and promise to send an updated syllabus if this occurs.

January 9

Introduction – What to expect this semester, Part 1

We are splitting the first class into three groups based your current post-Duke career plans. During this first scheduled class slot I’ll meet in the classroom with those of you as follows: 3:05 – 3:35, financial sector companies; from 3:45-4:15, consultancies; and, from 4:30-5:00, tech companies, including start-ups. If you are still “in process” of choosing a post-Duke launch pad, email me, we’ll figure out best initial group. Everybody back at 5:00.

In addition to the emerging growth technologies/industries/companies our focus this spring is “Career paths to Technology, Venture and Private Equity.” This session will help you maximize the “value” of the Course to you. Please send me your Resume if you have updated it since course registration.

ASSIGNMENT: Be prepared to discuss the assumptions about your current post-Duke career path and how you are thinking about an eventual connection to opportunities in technology (including healthcare), early stage, venture or private equity.

January 16

Introduction – What to expect this semester, Part 2

- Who are your classmates, where we’ve been & where we are going?
- The Private Capital basics – learning the language, new sources (Sakai handouts)
- Growth technologies/industries/companies our focus
- Overview of Final Assignment Competition
Real Deals, Part I: The Intersection of Venture & Private Equity—The Founding, Growth, Sale & aftermath of a FinTech company; other examples from Early Stage Growth Investing

ASSIGNMENT: Familiarize yourself with industry language, resources and news (see handouts available on Sakai). They are chosen to stimulate discussions in class and to help you think about “bigger picture” ideas and themes about investing and career arcs.

DUE BY NOON Wednesday 1/22: Post in Forum your “Big Idea” Article(s)/Commentary to help you identify team members for Note Card Assignment & Beyond!

January 23

Real Deals, Part II: Further intersections of Venture & Private Equity; 2019-20 investments and investment structures from Early Stage Growth Investing

ASSIGNMENT: Discuss in class “Fast Forward” Note Card assignment (to be handed out via Announcement), due February 6

GUEST SPEAKER: Major Matt Buchanan, Candidate for Duke ’20 Master of Public Policy, will speak on “Every Mission is a Start-Up; Leadership Lessons from Combat.”

Section 2: Early Stage Capital

January 30

- Seed Capital, how SPV’s are changing the game; Starting your own VC firm, VC 101; sourcing deals, finding a differentiation and where the VC industry goes from here
- What does a VC firm look like on the inside? What makes a successful VC fund? Scale/Substance trade-off is crucial.
- VC Marketing, Terms & Investors
ASSIGNMENT: Discuss & brain storm in class regarding Final Competition Teams (3 per team), Captains & Team names, will be decided/selected at latest by Monday February 3—Chelsea and Marie will assist in the team formation; email/text us your team suggestions and Competition ideas—Chelsea, Marie and I will be available during/after/ this class and I will additionally be available for Office Hours from 2:00-6:00 Wednesday January 29th and on Thursday January 30th to help with final team selection process. This is your team going forward for all in-class presentations and the Final Project.

GUEST SPEAKER Howie Rhee, Managing Director, Fuqua’s Center for Entrepreneurship and Innovation & Managing Director, Student and Alumni Affairs for Duke I&E.

Section 3: FinTech, Technology, Healthcare & Consumer Discretionary: Sectors You Should Know & Care About

February 6

In Class: Note Card Assignment

→ Your Team picks a current trend/technology/application and predict how it will shape the future. More information on Sakai

Guest Alumnus: Divya Dhulipala, Duke ’18 TrueBridge Capital. Divya chose the PE/VC fund route right out of University. She will field your questions on her role in deals, etc.

February 13

- The world of Investors, more varied than ever
- Building a portfolio of companies, funds
• Institutional Investors– Strategic industry partners/customers, Family Offices, Funds of Funds, Pensions, Endowments, Foundations & Consultants

**In Class:** You will be given prompts for “Lightning Second Round” partly based on your “Note Card Pitch” from last week.

Prepare yourself for these four roles: 1) You’re a Founder pitching an idea to a VC firm; 2) You’re a partner in a VC firm making a decision on a Founder pitch; 3) You are a successful start-up pitching sale to a Strategic corporate buyer; 4) You are a Strategic corporate buyer making a decision to buy a start-up.

**February 20**

**No Class- Enjoy New Orleans!!!**

1) **Work on Final Projects and practice pitches**
2) **Read my NOLA restaurant and bar tip sheet and come prepared to discuss on February 27**

**February 27**

View from one of the best and biggest: Big banks and the evolution of finance

**ASSIGNMENT:** {Read articles posted on JPMorgan and Blockchain}

**Guest Alumnus:** Michael Carmada, Duke ’18, JPMorgan Private Capital Group. Michael will field your questions on his career route from IB to Private transactions at JPM.

**March 5th:**

**In Class:** Finish “Lightning Second Round” contests;
Guest Alumni: Reid Patton, ’18 Facebook Product Manager, Reid will field your questions on her career choice and her work at FB in her first two years.

March 12th: No Class, Spring Recess

ASSIGNMENT:
1) Work on Mock Presentations and start practicing pitches
2) Read healthcare-centric articles and come prepared to discuss on March 21th
3) Figure out where you made risk/return-oriented mistakes in your “March Madness” brackets

Section 3: Thinking on Your Feet as a Private Capitalist

March 19th

Major trends in Healthcare Investing
How “one size does NOT fit all” is the new paradigm in structuring deals

GUEST Speaker: John Boyce, PhD, Managing Director & Co-Founder, TigerGene, LLC; how to build HC start-ups from IP acquisition to sale

Final Presentations Framing—let’s get the jargon on the table

- You want to describe a specific start-up opportunity (Entrepreneurial model) inspired by your “Big Idea.”
- You want to describe a range of opportunities related to your “Big Idea” technology or trend (Consultant to Family Office or incumbent corporation)
- You have researched specific companies that you want to invest in related to your “Big Idea”: technology or trend (VC model)

March 26th

Guest Alumnus: Val Slepak,’19 --McKinsey Digital. McKinsey is a leader in tech transformation with a roster of top global corporations as clients. What has Val learned one year out?

*Final Presentations Begin*

April 2nd

*Final Presentations, Continued*

April 9th

*Final Presentations*
GUEST Alumnus: Devon Bostock, Duke ’11, MMS ’12, Senior VP, Comerica Venture Bank

How banks look at venture investing: view from the credit lens (and how this sharpens you as an equity investor)

April 16th

Career Day: Where Do You Go From Here?
*Reviews & Plaudits*
April 22nd

Pre-Game LDOC Celebration, Professor Forlines and Professor Linsey Hughes’ classes

*Hope Valley Country Club, 11:00—2:00ish*