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

SYLLABUS for Econ 333
Duke University Economics
Spring, 2019

Course: Private Capital/ Equity, Econ 333
Course Classroom: Social Sciences 111
Class time: Thursdays from 3:05pm-5:20pm
Professor: John Forlines III
Professor’s Office: 327 Social Sciences Bldg, 3rd Floor
TA & Student Assistant: Val Slepak, valerie.slepak@duke.edu
Mobile: 646-734-3903
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 Val 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 is 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. The look we are going for is “business casual.”

• Because of the presence of guest speakers, who all have busy schedules, some of the dates and lectures may be subject to
change. I ask for your patience on this and promise to send an updated syllabus if this occurs.

January 10

Introduction – What to expect this semester, Part 1

We are splitting the first class into three groups based on your current post-Duke career plans. During this first scheduled class slot I’ll meet in the class room 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.

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 17

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

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 life.

**January 24**

One Year Later: The Intersection of Venture & Private Equity—The Founding, Growth, Sale & aftermath of JAForlines Global, December 29, 2017; other examples from Early Stage Growth Investing

**ASSIGNMENT:** Discuss & brain storm in class regarding Final Competition Teams (3 per team), Captains & Team names, due on February 1—Val Slepak will assist in the team formation; Email her by Monday February 1 with final team choices. *This is your team for all in class presentations and the Final Project.*

**ASSIGNMENT:** Discuss in class “Fast Forward” Note Card assignment (to be handed out in class), due January 31—> Pick a current trend or “big idea” and predict how it will shape the future. More information on Sakai

**Section 2: Early Stage Capital**

**January 31**

Seed Capital, how crowdsourcing is 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? VC Marketing & Terms

**DUE: “Fast Forward” Note Card Assignment**
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: Technology, Healthcare & Consumer Discretionary: Sectors You Should Know & Care About

February 7

ASSIGNMENT: Read “The Dark Secret at the Heart of AI” & “Beyond the Bitcoin Bubble” in Announcements & related FinTech Handouts on Sakai

In Class: You will be given prompts for “Lightning Second Round” partly based on your “big ideas” 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.

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 14

The world of Investors
Building a portfolio of companies, funds
Who invests in venture & private equity – Family Offices, Funds of Funds, Pensions, Endowments, Foundations & Consultants
In Class: Be ready for Pirate & Harry Potter Pitches, Quick Pitches (see Sakai Announcements)

February 21

View from Big Tech: Facebook’s Role in Changing the Way we Connect, Learn and Debate.

ASSIGNMENT: {Read article on Imaging}

Guest Alumnus: Reid Patton, Duke ’18 Facebook Project Manager. Reid will field your questions on her career choice and her work at FB in her first year.

February 28

No Class- Enjoy New Orleans!!!

1) Work on Final Projects and practice pitches
2) Read gambling-centric articles and come prepared to discuss on March 7th

March 7th:

Guest Alumni: From Wall Street to Start-up: Max Feidelson and Tyler Deane-Krantz (Duke ’15) discuss their path to entrepreneurship

March 15th: 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 29th
3) Figure out where you made risk/return-oriented mistakes in your “March Madness” brackets

March 22nd

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

GUEST Alumnus: James Band, Duke Healthcare Analyst at Tiger

Final Presentations Begin; Investor Roles responding to Presentations will be assigned a week before

March 28th

Wearing many hats at a PE firm—How multiple previous career roles—legal, banking, teaching set the stage…

GUEST Alumnus: Bill Brown, Duke Law ‘80, Managing Partner at 8 Rivers Capital & CEO of NET Power

Final Presentations

Section 3: Thinking on Your Feet as a Private Capitalist

April 4th

Final Presentations

GUEST Alumnus: Devon Bostock, Duke ’11, MMS ’12, 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 11\textsuperscript{th}

Final Presentations

April 18\textsuperscript{th}

Career Day: Where Do You Go From Here?

Final Presentations & Awards Ceremony