

FIN 485/685 | Entrepreneurial Private Equity: Perspectives From Practitioners

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Introduction

[Course welcome video.](#)

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. Each class 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 primarily in a discussion format and is highly interactive. Almost all classes feature a panel of one or more private equity industry practitioners to share their own practical experiences, perspectives, and advice. Prior to each class there is a reception where the students have the opportunity to network with the invited guest(s). For approximately a fourth of the classes, there is a case discussion (see the section on deliverables & grading for more information on case procedures).

In addition to the weekly lectures, there are discussion labs most weeks during the semester. The purpose of discussion labs is to create an intimate environment with a handful of other students and a discussion leader to (1) do a deeper dive on the concepts discussed in the lecture and readings, (2) enable students to address questions they may have about the course content for the week, and (3) provide a deeper understanding of how the concepts discussed in the class are relevant and applicable in their professional lives. Discussion labs serve as a complement to the weekly lectures.

During the semester, there are two extra-curricular sessions: a job seminar for students interested working in private equity and a leveraged buyout modelling session.

Pandemic Considerations & Content Delivery

This semester is unusual in that there is a pandemic. Consequently the class is taught remotely in a synchronous manner (with accommodations made for students who are not able to participate synchronously). To prepare for this delivery, the professors and TAs have had extensive preparation in online teaching methods and are prepared to teach this class remotely. We want to make our classroom community thrive no matter the classroom delivery method or your individual methods of participating in class.

To create an optimal class environment, class attendance is required for students located in areas where the class takes place between 6am and midnight local time (this includes all US and most China based students). If you cannot attend class, please inform the TAs as soon as possible. Students are required to have their video cameras turned on during the class Zoom sessions (please inform the TAs as soon as possible if you are unable to do so).

Students located in areas where the class takes place between midnight and 6am local time are required to watch and study the recorded classes on their own (this includes all India and most Europe based students). In addition each class will feature pre-recorded videos to review and delve more deeply into material discussed in class.

We recognize that networking is a critical part of this class. We specifically set aside time for informal networking with guest speakers and other students. We ask all guest speakers to spend an extra 15 to 30 minutes outside of class to answer questions and connect with students.

More than before, communication is of critical importance. If your situation changes regarding health, housing, or in any other regard with respect to your ability to participate in the class, please contact the professors or TAs as soon as feasible. It is easier for us to address your needs if we know about them as soon as they arise.

Despite the changed classroom delivery method, we are confident you will have a first rate class experience. We are on this journey together and we will help you succeed.

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 (15 percent of overall grade): There are two case assignments. To execute the case assignments, students form into self-selected six 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 three partners as managing partners (MPs). The managing partner structure allows partnerships to efficiently allocate the work within the partnership, with the managing partners taking the lead on the case and the other members of the partnership supporting the managing partners. Each student must serve at least once as a MP. Since there are two cases, each partnership cannot have more than six members. 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 partners on that case.

Problem Sets (10 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, 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.

All students are expected to participate in class discussions. Managing partners should prepare to be cold-called to discuss their findings from the case.

Attendance of every class and discussion lab is mandatory. All students get two free unexcused absences. For unique circumstances please send an email in advance of missing a class with the reason for doing so. An unexcused absence from the class results in a failing grade.

Paper (20 percent of overall grade): A class paper is due by the end of the semester. Our goal of the paper is for you to think more deeply about what you have learned in the class and apply it to a topic of your interest. Good papers will satisfy the following five criteria in order of importance (i) analytical rigor (e.g. supported by data, numbers and models) supporting the paper thesis (30%), (ii) references to original data sources (e.g. interviews with practitioners, collected data) (30%), (iii) clarity of exposition, persuasiveness of argument (20%), (iii) originality of paper topic (10%) and (iv) references to class materials/discussions (10%). Given that there are many different paper topics, ranging from very specific to more broad topics, there is no paper length requirement (although we expect that any topic would require at a minimum 10 pages double spaced). The guideline is that good papers discuss their thesis in sufficient detail so that a reader familiar with the class materials will have a solid understanding after reading a paper. For the benefit of students, papers will be posted to the class website after the submission deadline. A limited number of students will be selected to present their paper during the last class meeting.

Bonus (extra 5 percent): Earn an extra 5 percent for the timely submission of the student survey, confidentiality agreement, all discussion lab reports, and feedback for all classes as well as the attendance of all classes and discussion labs. Note that your total score cannot exceed 100%.

Final Exam (40 percent of overall grade): There is a open book online exam reviewing the materials of the entire semester.

BBA students - The exam is mandatory.

MBA students - The exam is optional for MBAs. For students who do take the exam, we compute a course grade both with and without the final, and then give the higher grade of the two. To prevent gaming, if the final exam is taken without serious effort we may void the final exam. Summarizing the above, if you take the exam, your grade is based on the maximum of the two weighting schemes in the table below. If you do not take the exam, your grade is based on the right column in the table below.

Grading Element	Weights With Exam	Weights Without Exam
Class Participation	15%	25%
Paper	20%	33%
Case Assignments	15%	25%
Problem Set	10%	17%
Final Exam	40%	0%
Bonus	5%	5%
<i>Maximum Grade</i>	<i>DS</i>	<i>PS</i>

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%

MBA Grade	Frequency
DS	15% - 20%
HP - DS	50% - 60%
PS	35% - 45%
LP and NC	0% - 5%

Contact Information & Office Hours

Prof. Klaas P. Baks PhD

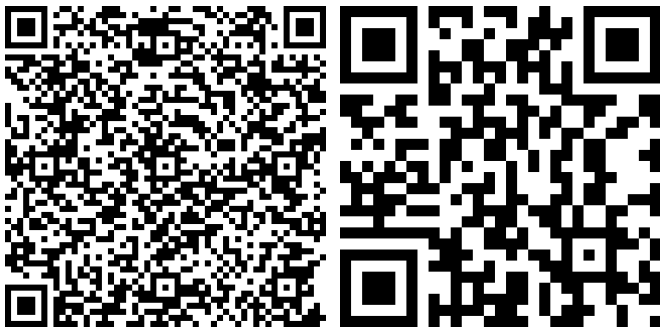
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Hours: For appointments please visit calendly.com/baks. If you are unable to find a suitable time, please contact Ms. Tanya Dickson.

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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 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.

David K. Panton DPhil is a Managing Partner of SPAC Opportunity Partners LP, a private investment firm focused on Special Purpose Acquisitions Companies ("SPACs"). He is a co-founder of Navigation Capital Partners, LP ("NCP"), an Atlanta-based private equity firm that has made growth and buyout investments in middle market operating companies. In partnership with Goldman Sachs, NCP's portfolio has included investments in 41 operating companies and has assets under management of approximately \$375 million. Dr. Panton is also the Chairman and CEO of Panton Equity Partners, LLC, a private family office, which he founded in 2012. Dr. Panton is also an Adjunct Professor in the Faculty of Finance at Emory University's Goizueta Business School.

Over the past 20 years, Dr. Panton has raised almost \$1 billion in equity capital and led transactions with an enterprise value of over \$2 billion. He serves as the Chairman of the Board of Ameritech Facilities Services, a leading provider of construction and remodeling services based in Ball Ground, GA. Dr. Panton has served as a

Board Member on over 15 companies, including Brand Bank (sold to Renasant Bank), Track Utilities (sold to CIVC Partners), SecureWorks (sold to Dell Technologies), and Exeter Finance (sold to Blackstone).

Between 2003 and 2006, Dr. Panton was a Vice President at Mellon Ventures, a \$1.4 billion private equity firm, where he focused on growth capital and buyout investments. Previously, he co-founded and served as Managing Director of Caribbean Equity Partners, a private equity firm focused on investments in the Caribbean and Latin America. Prior to that, he was an Associate at Morgan Stanley in New York City, where he focused on mergers and acquisitions in Latin America and the Caribbean.

Dr. Panton served as CEO of CMP Industries, a publicly-traded company in Kingston, Jamaica. From 2002 to 2004, he was a Senator in the Upper House of Parliament in Jamaica. Dr. Panton was named by Buyouts Magazine as "One of Eight Buyout Pros Under 40 to Watch" in 2009 and by the Atlanta Business Chronicle as one of the "40 Under 40" Rising Stars in 2011. Dr. Panton is a member of the Atlanta Chapter of the Young President's Organization (YPO) and was previously a member of the Atlanta Group of TIGER 21, and Leadership Atlanta (Class of 2012). Dr. Panton holds a Master Professional Director Certification from the American College of Corporate Directors.

He received a Doctorate in Management Studies from Oxford University, where he was a Rhodes Scholar. Dr. Panton holds a J.D. (with honors) from Harvard Law School, where he was elected President of the Harvard Law Review, and an A.B. (with high honors) in Public Policy from Princeton University.

He is Chairman of the Jamaican-American Chamber of Commerce of Atlanta and is a former Trustee of Holy Innocents' Episcopal School in Atlanta, GA.

Born and raised in Jamaica, he resides in Atlanta, GA.