



Svider Private Equity Program: PE/VC Lab, SPITC, and Ox-Chi Challenge

Info Session | October 2018



Agenda

1) Introductions

2) Program Overviews

- Private Equity and Venture Capital Lab (PE/VC Lab)
- Sterling Partners Investment Thesis Challenge (SPITC)
- Oxford Chicago Global PE Challenge (Ox-Chi)

3) Summary and Q&A

Svider PE Program Team

Polsky Staff



Erika Mercer
*Director of
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Program*



Cerise Miller
*Assistant Director,
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Polsky PE-focused Faculty and/or Investors-in-Residence (IIRs)



Chris McGowan
*Adjunct Professor;
IIR; Faculty
Advisor, SPITC;
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Ox-Chi*



**Kim Vender
Moffat**
*IIR; Advisor,
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Tim Kelly
*IIR, Advisor,
Ox-Chi*

PE/VC Lab: Overview

- Combines intensive internship in PE/VC with academic course
- Participants selected through competitive application/interview process
- Educational opportunity; no guarantee that internships will lead to FT jobs

Internship:

- 15-20 hours/week **on-site** for min 10 weeks (significant time commitment)
- Winter and/or spring (any summer opportunities are outside scope and thus negotiated separately with firm)
- Projects may include evaluating new investment opportunities; analyzing new market spaces; working on existing portfolio company issues; etc.
- Unpaid; \$500 reimbursement available for transportation expenses
- No lobbying of firms allowed (honor code violation); BYOF (bring-your-own-firm)

Course:

- Equips students with tools to accelerate PE/VC apprenticeship process
- Two sections: PE and VC
- Co-taught by Profs McGowan (PE Section) and Heltzer & Weiss (VC Section)
- Spring term | Tues 6 - 9 p.m. | Gleacher
- No bidding/points required; you will be registered for course once internship is secured
- Required (fed laws on unpaid internships)



PE/VC Lab: Timeline

- **Early November:** Firms submit criteria
- **November 13 at 12 p.m. (noon):** Students apply online at bit.ly/PEVCapp
 - Online form plus resume drop
 - List up to 5 firms of interest
- **December:** Polsky matches based on firm criteria and student background
 - Resume goes to at least 5 firms; no guarantee about specific firms
 - Check with Polsky in Jan to see where your resume went
- **December-March:** Firms interview, make selections; internships begin
 - Firms look for interns based on investment focus and projects
 - No specific background guarantees entry
 - Polsky Center not typically aware of status of interviews
 - Students must notify Polsky immediately of selection by a firm to be enrolled in spring course
- **April-June:** Students participate in PE/VC Lab class; continue internships



PE/VC Lab: International Students

- International students may participate but must meet w/Christine Gramhofer before accepting internship.
- 1Y F-1 and J-1 visa-holding students will be registered for course according to start date of “internship” and are not allowed to drop course w/o approval.
- If "internship" begins in winter quarter before week 8 (after week 8 work must begin in spring), you must enroll in/pay for Lab course in winter quarter

Upside

- Since a grade will not post for Lab in winter, you have not "completed" the course, allowing you to continue interning until end of spring if firm so wishes

Considerations

- You must sit for class in spring (even though it's not on your spring schedule) to receive a grade
- In spring, you will be expected to maintain visa-eligibility with 3 classes, attend Lab (technically a 4th course) and possibly continue interning part-time
- If enrolled in 4 classes for winter, you will have to pay for the Lab (a 5th course), which may have financial aid implications, and dropping a course could result in a tuition penalty



SPITC 8.0: Overview

- Launched in 2011-2012 with support of Sterling Partners
- Unique/innovative concept – first challenge of its kind among MBA programs
- Students form teams, develop original investment thesis, receive personal mentorship from seasoned PE professionals, and present thesis to partnership or investment committee of host firm
 - Gain valuable sourcing experience from this “live-fire” exercise; also deep knowledge of a sector (applicable to traditional PE, VC or search fund)
- Optional course credit: SPITC participants may participate in the PE/VC Lab
- Allows for deep dive into industry segment; prior topics have included:
 - Business Services
 - Consumer Services
 - Education
 - Energy & Power Services
 - Financial Products / Services
 - Health Care Services
 - Pharmaceuticals, Biotechnology, and Life Sciences
 - Retailing
 - Software and Services
 - Technology Hardware / Equipment
 - Transportation



SPITC: Timeline

Nov-Dec: Build team, develop investment thesis proposal

- Team size 2-5 people; any mix of FT/E-W, 1Y/2Y
- Feedback on proposal available from SPITC Advisors

Jan-Feb: Students apply, firms review proposals and select teams

- Apply at bit.ly/SPITCapplication by Monday, Jan 7, at 12 p.m. (noon)
- Application: team member resumes and thesis proposal (10 slides max.)
- Proposals summarize thesis; explain why thesis was selected (use data to illustrate trends); introduce team, and outline strategy/milestones for developing thesis
- Past examples can be viewed in-person at Polsky Center
- Teams notified of status by end of February

Feb-May: Teams develop investment theses with support from host firms

- Research budget of \$2500 and in-kind support from PwC, AlphaSights
- Meetings with firm mentors and SPITC Advisors scheduled on regular basis

May: Teams present final investment thesis/execution strategy to host firm

- Firms provide teams with constructive feedback and submit evals to Polsky



SPITC: Potential Success Fee

At conclusion of program, firms **may** provide \$5,000 success fee to any team whose work:

- 1) significantly advances the knowledge the firm has of the target sector;
- 2) produces actionable ideas; or
- 3) produces a thesis the firm would like to pursue further

Success fee gives host firm **exclusive right** to advance investment thesis for nine months, either independently or with the students' involvement. During this time, students are not allowed to shop thesis to other firms. However, student teams may always work on their own to further advance their investment thesis; the firm's exclusive right does not prohibit advancement of the research by the student team members themselves (including their work towards a search fund).

Additional opportunities to continue working on the thesis—including internships, consulting positions, etc.—have sometimes been negotiated outside the scope of the program.



Ox-Chi Challenge: Overview

- Global case competition that enables students from Booth and Oxford Saïd to assess potential for LBO of a publicly-listed company
- Extracurricular educational program – no course credit
- Teams of five perform PE evaluation on investment target within compact timeframe
- All teams receive feedback on their applications from Ox-Chi Faculty Advisor/IIR Chris McGowan and/or IIR Tim Kelly
- Six teams advance to interview round, present to panel of senior PE investors, and receive additional feedback
- Three teams advance to semifinals, present in public to a second panel of senior PE investors, and receive further feedback
- Finalist team receives extensive coaching from Chris McGowan and Tim Kelly before presenting publicly to a third panel of PE judges at the Ox-Chi Finals in late February
- Winning team receives \$5,000 cash prize



Ox-Chi Challenge: Timeline

Oct 20 at 5 p.m.: Case options posted online

Oct 20 – Nov 5: Form team and prepare case

- Teams must consist of exactly 5 students and include at least one member without FT PE experience

Nov 5 at 12 p.m. (noon): Application deadline

Nov 12: Teams notified as to whether they are advancing

Nov 14 from 1-5 p.m.: Ox-Chi Challenge Interview Round (six teams)

- At least 4 of 5 team members must be present or team will be disqualified

Nov 29 from 2-5 p.m.: Ox-Chi Challenge Semifinals (three teams)

Feb 25-26: Ox-Chi Challenge Finals Program (one team)

- Finals competition against Oxford team
- Seminar by Booth faculty member
- Treks to Chicago-area PE firms
- Networking opportunities with faculty, students, PE professionals

Ox-Chi Challenge: Application

Application components:

- 1) Team member resumes in single PDF;
- 2) Investment committee presentation in PDF. Use any publicly-available data. In analysis, ignore share price and focus instead on how company would be valued in an LBO context;
- 3) Financial model in printable Excel and PDF

Investment Committee Presentation (25 slides):

- Exec summary (investment rationale/key conclusions)
- Investment thesis (key merits/risks)
- Company description (location, history, etc.)
- Mkt overview (growth drivers, value chain, customers, suppliers, players)
- Biz overview (biz model, competition)
- Historic financial analysis
- Business plan/growth drivers
- Strategy for growth/value creation; 100 day plan
- Forecast financials (including key assumptions)
- Debt/capital structure (including credit stats)
- Valuation/multiples (comparables, LBO analysis)
- Exit options and target buyers
- Returns (money multiple/IRR, sensitivities to biz plan, breakdown of IRR drivers amongst EBITDA growth, debt pay down, change in purchase multiple)
- Key areas to diligence
- Environmental, social, and governance (ESG) issues
- SWOT analysis

Financial Model:

- Operational assumptions
- Operational model/forecasts
- Valuation
- Returns (money multiple and IRR, sensitivities to biz plan, breakdown of IRR drivers amongst EBITDA growth, debt pay down, and change in purchase multiple)

Programs Snapshot

PE/VC Lab	SPITC	Ox-Chi
<p>Individual internship in PE/VC plus academic course</p>	<p>Team-based research and sourcing project to develop investment thesis plus optional academic course</p>	<p>Team-based case competition</p>
<p>Benefits:</p> <ul style="list-style-type: none"> • For those without PE/VC experience, exposure to and training in industry • For those with PE/VC experience, exposure to different type of firm (size, industry, style of investing) • Connections to PE/VC alumni/professionals • Academic framework for PE/VC industry 	<p>Benefits:</p> <ul style="list-style-type: none"> • Simulates post-MBA PE work • Deep dive into industry segment of your choice advances sector expertise • Talking points for PE interviews • Connections to PE alumni/professionals • Personalized coaching from SPITC advisors • Opportunity for team to receive \$5,000 success fee 	<p>Benefits:</p> <ul style="list-style-type: none"> • Opportunity to perform PE eval of investment target • Personalized coaching from Ox-Chi advisors • Opportunity to present to panel of PE investors and receive extensive feedback • Networking with Oxford students and exposure to PE outside the US • Team that wins finals receives \$5,000 cash prize

Programs Snapshot (cont'd)

	PE/VC Lab	SPITC	Ox-Chi
Individual v. Team	Individual	Team	Team
Timing	Winter and Spring	Winter and Spring	Fall (plus Winter if selected as finalist)
Time Commitment	15-20 hrs/wk over 10 weeks, plus spring course	~5 hours/week over ~12-15 weeks, plus optional spring course	20 hrs/wk to develop case over 2 weeks in Oct-Nov; further commitment varies based on progress
Course Credit	Yes; required	Yes; optional	No
Application	Resume and Survey	10 slide proposal	25 slide analysis + model
Eligibility – Program	FT 1Y, FT 2Y, PT E/W	FT 1Y, FT 2Y, PT E/W	FT 1Y, FT 2Y, PT E/W
Eligibility – International	Intl students may participate, but rules/restrictions apply	No restrictions on intl student participation	No restrictions on intl student participation
Prior Experience	No PE/VC experience required	No PE/VC experience required	No PE/VC experience required

Thank you!

Questions?