

# MANAGEMENT IN INVESTMENT BANKING (MGT 515)



Module 3, 2014: 17 February – 18 April

Graduate-level; Management Elective; English-Delivery

36 Contact Hrs.; 9 Weeks; Meetings 2x/week; 3 credits

Website: <http://ib14.phbs.info> Alternate Site: <http://ib14.terrillfrantz.com>

## **Instructor Information:**

**Name:** Prof. Terrill L. Frantz

**Office Location:** 761

**Email:** [terrill@phbs.pku.edu.cn](mailto:terrill@phbs.pku.edu.cn)

**Website:** <http://scholar.terrillfrantz.com>

**Office Hours:** 8:30-10:00am Monday & By Appointment

## **Course Meeting Information:**

**Days:** Monday & Thursday(\*)

**Time:** 10:30am-12:20pm

**Classroom:** 335

(\*) Note: some meeting days/times will be adjusted to accommodate guest speakers' availability

## **Course Description**

This introductory management course is designed for students who aspire to a management career in the financial services industry, in particular, within a full-service investment bank. The course provides an extensive overview of the investment banking business and industry in the domestic, global and emerging markets contexts; it serves well as an introduction to the profession of investment banking, or more broadly, to that of financial services. The course will include coverage of recent structural reforms in the industry and an exploration into the multifaceted narratives of the industry--past and present. The course will delve into the inter-workings of an investment bank and the services provided to clients. This is a non-technical course that aims to equip the individual student for confidently holding an informed conversation with an industry professional (read: in a job interview).

## **Course Objectives**

The course is designed and the instructor endeavors to:

- Explore the expansive reach and role of the investment banking business in the global economy,
- Present insightful current and historical narratives relating to the global investment banking industry,
- Expose the characteristics and activities of prominent people participating in the global investment banking industry and in China, and
- Introduce students to the broad array of services provided by investment banks,
- Introduce the various internal aspects of an investment banking firm, i.e., front-office, back-office, and other operational divisions, financial structures, etc.,
- Introduce students to the nuances of seeking employment in an investment bank.

## **Course Topics**

The course material involves specific topics such as:

- Difference between traditional, commercial and investment banking businesses,
- Industry changes, trends & present challenges,
- Securities regulations & ethics,
- Investment bank services,
  - Venture capital & private equity; M&A,
  - Underwriting equity, IPOs, & debt,
  - Asset Securitization & exchange listing,
  - Trading, repos, & private banking,
  - Derivatives & investment management,
- Divisional structure of investment banks,
- Financial structure of investment banks,
- Investment bank business strategies: How they compete and make money,
- Investment banks in BRIC markets (Brazil/Russia/India/China), and
- Careers in investment banking.

## Learning Outcomes

After successfully completing this course, the student will be able to:

- Identify the services offered by global, Chinese, and emerging economy, investment banks,
- Explain how various service transactions are executed, e.g., equity underwriting, M&A, market listings, venture capital and private equity, repos, FX, wealth management, pension funds, etc.,
- Describe the financial and divisional structure of global investment banks,
- Identify the influential industry participants: globally, and in China,
- Recount and assess the historical and present-day narrative of the global investment industry, and
- Recognize and understand the employment opportunities and processes in the global investment industry.

## Instructional Methods

This is an activity-based course that embraces the concept that *active doing and engagement* is learning; this is not a traditional rote-memorization course, critical thinking is an expectation here. Classes will involve dialogue in the classroom that is concentrated on outside-of-class readings and activities and real-world events. Classroom interaction and student engagement is a critical aspect of the learning in this course. Keeping abreast of real-world, current business activities and events is an indispensable dimension of this course. Guest speakers from the investment banking industry will be invited into the classroom, opportunistically, during the duration of course. The course will further develop students' business writing and oral presentation skills. This course is intended to be both illuminating and lots of fun!

## Prerequisites

The student should hold background knowledge of business operational functions and banking and finance concepts, in general.

## Course Text

*The Business of Investment Banking: A Comprehensive Overview* (2011), by K. Thomas Liaw; ISBN-13: 978-1118004494; Wiley Publishing

## Student Expectations & Course Policies

Class Participation: Regular and energetic participation in the activities of an online course is essential for the benefit of the individuals and the group. Students are expected to engage in the course activities throughout the duration of the course. Significant assignment and course grade penalties will be applied should specific non-participative situations warrant. The assessment in this regard, by the professor, is final.

Timeliness: Completing assigned activities on time directly affects both the success of the individual student and the flow of the course experience by the group. It is the student's responsibility to stay current by submitting all assignments and completing activities at the time they are expected. Timeliness is a strict requirement of successfully completing this course. Submitting assignments after the expected time is unproductive and can severely affect the student's grade. Any submission timing issues should be worked out with the professor, well in advance.

Enthusiasm: The global perspective is highly stimulating to anyone truly interested in investment banking from any functional or working perspective. A student's interest in the course activities is indicative of their interest in the topic and one's enthusiasm will follow; such enthusiasm spreads to others in the course and improves the richness of the learning, thus its import. While the course is in progress real-world events are likely to be introduced into the program and into the regular conversation, further necessitating students' interest in the course. The most rewarding outcome for all will arise from enthusiastic involvement in the class. This can be an exciting and fun course!

Academic Integrity: Students are expected to follow the Code of Academic Honesty according to western, world-class standard. In particular, plagiarism is a serious offense. In academic writing, students are expected to properly source all ideas that are not their own. College stresses bring great temptation to take intellectual shortcuts...resist this!

## Course Website

The course website is the primary communications vehicle for outside-of-class communications and course documentation. The student is expected to routinely check the site for information and class-related announcements—perhaps daily. The website URL is listed at the top of this syllabus.

## Grading/Evaluation

To accommodate the clashing learning styles and needs of graduate students, the grading regime is flexible for this course. Each student must choose one of three grading plans (Plan I, II, or III) for themselves. The student's election must be declared by the end of 5th class meeting; their selection is final and cannot be changed. Please note that grading is not personal; it is a mirror reflection of the merit of the submitted work and in this course it is certainly not a negotiation.

### Grading plan I:

Classroom Participation (Individual)	20%
Oral Presentations (Individual; 4x15pts)	60%
Final Project (Individual; Written)	20%

### Grading Plan II:

Classroom Participation (Individual)	20%
Oral Presentations (Group; 4x5pts)	20%
Final Project (Individual; Written and Oral)	60%

### Grading Plan III:

Classroom Participation (Individual)	20%
Oral Presentation (Individual)	10%
Midterm Exam (Individual)	20%
Final Exam (Individual)	50%

Classroom Participation: comprises active engagement in the class discussion and productively adding to the conversation by asking questions, informing the class of additional information, etc.; this is above and beyond mere attendance in the class. Classroom participation points will start to be scored on the 5th classroom meeting.

Oral Presentations (individual or group): are 20-minute presentations to the class that include a class discussion component. If a group presentation, membership will be assigned by the professor, and all members of the group must meaningfully participate in the oral presentation.

Final Project: A written report on a topic chosen by the student within the broad parameters specified by the instructor. If an oral presentation is required (in the case of Plan II), it should be approximately 15-minutes and follow the guidelines described above for Oral Presentations.

Midterm & Final Exams: will be multiple-choice, true/false, and short answer. Missed exams cannot be made-up and must be taken only at the time they are scheduled.

## Instructional Program

Unit	Unit Title	Topics	Text Chapters
1	Introductory Overview; Industry Regulations & Reforms	Course; Investment banking; industry reforms; trends & challenges; employment; Securities Regulations & Ethics	1, 5, 19, 16
2	Firm Structure	IBank Structure: Divisions & Services; IB Strategies: How Compete & Profit; financial structure	2, 3, 4
3	Investment Banking Services	Venture Capital & Private Equity; M&A; Underwriting Equity, IPOs, & Debt; Asset Securitization & Exchange Listing; Trading, Repos, & Private Banking; Derivatives & Investment Mgmt	6, 7, 8, 9, 10, 11, 12, 13, 14, 15
4	Global Players: Firms & People	Goldman Sachs, Morgan Stanley, JPMorgan, Jamie Dimon, ...	
5	China & Emerging Markets: Firms & People	IB in BRIC markets; (Brazil/Russia/India/China); CICC, Hony Capital, John Zhao, ...	17, 18

## About the Instructor

Assistant Professor Terrill Frantz is a full-time management faculty member of Peking University HSBC Business School in Shenzhen, China. He has 20 years of corporate experience in global investment banks (Morgan Stanley and JP Morgan) in New York, London, and Hong Kong, and in consulting for organizations in other industries, such as chemicals, presidential politics, and numerous SMEs. His academic specialty is in Organization Behavior during M&A, with a primary research focus on Post-Merger Integration—he has published numerous academic articles and book chapters on the subject. Dr. Frantz has a life-long orientation in software technology, finance, and international business management, buttressed by both work experience (Asia-Pacific Operations Officer for Technology at Morgan Stanley, Assistant to the CIO at Morgan Stanley, etc.) and advanced degrees (Executive MBA from the Stern Business School, New York Univ.; Doctorate degrees in Computer Science from Carnegie Mellon Univ., and Organization Change from Pepperdine Univ., etc.).