

McCombs School of Business  
University of Texas at Austin  
Spring 2021

**FIN 397P (04115)**

**Impact Investing Practicum**

**Dr. Meeta Kothare**

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Office Location: Online

Office Hours: Tuesdays 3-4 pm

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**Class Time and Location**

W: 2 pm – 5 pm

Online

**Course Description**

This practicum is an experiential course designed to give students a practical experience in impact investing. Despite the global prosperity brought about by the industrial age, billions remain in poverty around the world. In the face of global social and environmental challenges that threaten economic and political stability worldwide, and reduced government budgets, the private sector is stepping up to find solutions. These solutions, more often than not, involve partnerships with NGOs, governments and philanthropies who bring a different set of knowledge and tools to solving issues in this space. These partnerships occur in multiple ways: entrepreneurs who launch social-purpose ventures, impact investors who invest directly in such ventures, multinationals who partner with local governments and nonprofit agencies to achieve their goals of corporate responsibility, ESG investors who invest in such public companies, and many other forms of public-private partnerships such as pay-for-success initiatives.

Impact investing is defined as investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. In this course, we focus on impact investing in early-stage companies. Teams will source and conduct due diligence on early-stage investments and pitch them to an investment committee for selection. This course works in conjunction with the MBA Impact Investment Network ([MIINT](#)). If you are selected to be on the team, your commitment to the competition starts in mid-October and ends at the end of April. You will be meeting with me and your team at least once a week for 2 hours from mid-October to mid-December. We will also meet once (in person or virtually), right before the semester begins to work on a deliverable that comes up around that time. During spring semester, we will meet during our assigned class time, but be prepared to have occasional meetings on or off campus with the selected investee throughout the semester.

**Class Materials**

Required Readings:

1. [Building a Successful Social Venture: A Guide for Social Entrepreneurs](#), by Eric Carlson and James Koch.
2. [Impact: Reshaping Capitalism to Drive Real Change](#), by Sir Ronald Cohen
3. [Real Impact: The New Economics of Social Change](#), by Morgan Simon
4. MIINT Readings
5. Additional readings assigned during the semester.

Recommended readings:

1. [\*The Impact Investor: Lessons in Leadership and Strategy for Collaborative Capitalism\*](#), by Cathy Clark, Jed Emerson, Ben Thornley
2. [\*Venture Deals: Be Smarter than Your Lawyer and Venture Capitalist\*](#), by Brad Feld and Jason Mendelson
3. [\*Seeking Adam Smith\*](#), by Eli Cox
4. [\*Business Solutions for the Global Poor\*](#), by Kasturi Rangan et al
5. [\*Winners Take All\*](#), by Anand Giridharan

## Evaluation and Grades

Students' grades will be based on the following:

Attendance and Class participation: 25%

MIINT or equivalent assignments: 40%

Final Team Report and Presentation: 35%

Attendance: You are expected to attend every class during the semester, or you will lose points in your attendance and class participation grade. If you have an emergency that prevents you from attending class, please notify me as soon as possible. You will have class time to work on your MIINT or equivalent project.

Class participation: I look for quality, not quantity. Please be respectful towards your classmates and your professor when you participate. Remember: Hard on ideas, soft on people!

Assignments: Assignments will typically be based on material that was covered in previous classes and benchmarks for the final project delivery.

Final Project: The final project will follow MIINT guidelines whether or not you are on the MIINT team. It involves sourcing an impact investment, doing due diligence, writing an investment report and a presentation on your investment thesis, strategy, and recommended investment.

## Classroom Expectations

There are some simple rules I will expect each of you to follow. Remember that your behavior in the classroom affects the learning environment for all your classmates. Please ensure that you arrive on time to class, stay the whole session unless you have spoken to me before the start, refrain from conversations that do not include the whole class, keep personal breaks to a minimum, turn off all pagers, cellphones, and other wireless devices. Please come fully prepared and ready to contribute to class discussions. I have found in the past that these rules help all of us have a productive and enjoyable learning experience.

## Office Hours

I will hold office hours from 3-4 pm on Tuesdays online. I realize that your class schedule may not permit you to meet at that time, and I will make every effort to accommodate your needs. Please email me if you would like an appointment outside office hours. I am also happy to spend a few minutes at the end of class to answer questions. You may also email me to ask simple questions (or rather, questions with simple, short answers!). Please allow for a 24-hour response time.

~~Directions to my office: Take the elevator in front of the Business Honors Office (2<sup>nd</sup> floor) to the 6<sup>th</sup> floor, turn right. My office is the first one past the grey partitions. The door is perpendicular to the hallway.~~

## Important Notifications

## **Students with Disabilities**

### **Students with Disabilities**

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at <https://diversity.utexas.edu/disability/>. Please do not hesitate to contact SSD at (512) 471-6259, VP: (512) 232-2937 or via e-mail if you have any questions.

### **Religious Holy Days**

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

### **Policy on Scholastic Dishonesty**

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://my.mcombs.utexas.edu/BBA/Code-of-Ethics>. By teaching this course, I have agreed to observe all faculty responsibilities described there. By enrolling in this class, you have agreed to observe all student responsibilities described there. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/conduct/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

### **Campus Safety**

Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.

- Behavior Concerns Advice Line (BCAL): 512-232-5050 (or <https://operations.utexas.edu/units/csas/bcal.php>).
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>.

*Harassment Reporting Requirements.* [Senate Bill 212 \(SB 212\)](#), which went into effect as of January 1, 2020, is a Texas State Law that requires all employees (both faculty and staff) at a public or private post-secondary institution to promptly report any knowledge of any incidents of sexual assault, sexual harassment, dating violence, or stalking “committed by or against a person who was a student enrolled at or an employee of the institution at the time of the incident”. Please note that both the instructor and the SII program staff involved with this class are mandatory reporters and MUST share with the Title IX office any information about sexual harassment/assault shared with us by a student whether in-person or as part of a journal or other class assignment. Note that a report to the Title IX office does not obligate a victim to take any action, but this type of information CANNOT be kept strictly confidential except when shared with designated confidential employees. A confidential employee is someone a student can go to and talk about a Title IX matter without triggering that employee to have to report the situation to have it automatically investigated. A list of confidential employees is available on the [Title IX website](#).

### **Schedule of class topics and assignments**

Class topics, readings, and assignments will be posted on Canvas.

Date	Class Topics	Assignments Due (See Canvas for details)
Jan 20	Intro, syllabus, class expectations Review of shortlisted companies	Attend MIINT Winter Call on Jan 20 at 11 am or 4 pm Review due diligence criteria Read Carlson & Koch: Chapters 1-4
Jan 27	Assessing Business Potential Discussion on selected companies	Attend Module 5 workshop on Jan 2 Read Carlson & Koch: Chapters 5-9
Feb 3	Meetings with selected companies	Due: <b>Due Diligence Plan or Plans by Jan 31</b> Due: <b>Signed Due Diligence Form &amp; Confidentiality Policies</b> Due: Independent secondary research on selected companies/industries/sectors
Feb 10	Theory of Change and Impact Analysis	Attend Module 6 workshop Read Carlson & Koch: Chapter 10 Impact Management Project website Impact Investing Principles
Feb 17	Impact Measurement	Due: <b>Impact Analysis by Feb 21</b>
Feb 24	Conducting Due Diligence	Read Carlson & Koch: Chapters 11 and 12
Mar 3	Final company Selection	Due: <b>Investment Term Sheet due by Mar 7</b>
Mar 10,17	Spring Break	Spring Break
Mar 24	List of important q&a for pitch. Questions for investee firm	Due: <b>Investment Committee Memo/Slides by Mar 22</b>
Mar 31 & Apr 1	Investment Committee <b>Semifinal</b> Presentations, <b>Mar 31 &amp; Apr 1</b>	Rehearse and refine investment pitch
Apr 9	Investment Committee <b>Finals</b>	Rehearse and refine investment pitch
Apr 14	Structuring Investments	Due: Debrief
Apr 21	Team meeting with investee firm	
Apr 28	Special Topics	Readings on Canvas
May 5	Special Topics	Readings on Canvas