

NEW YORK UNIVERSITY'S STERN BUSINESS SCHOOL

Syllabus Course Number: FINC-GB.3125.10

CORPORATE STRATEGY AND FINANCE IN ENTERTAINMENT, MEDIA AND TECHNOLOGY COMPANIES

Room KMEC 4-90

By

Adjunct Professor Tad Smith

Course Overview: This course employs the Socratic Method of teaching. Students must be comfortable with speaking publicly, getting called on without warning by the professor to answer questions or participate in the discussion, and debating issues with other students. There are no "lectures." The course format encourages students to develop an ability to think quickly and articulate the strategic and financial issues facing top executives of entertainment, media, and technology companies. The perspective from which the course is taught is that of the Chief Executive Officer, but the view on Wall Street and that of the analysts are also examined.

Course Prerequisites: Although this course is not mathematically challenging (anyone who knows bond math and discounted cash flow analysis will be fine) the course is conceptually quite difficult. Students apply option theory, the capital asset pricing model, vertical and horizontal integration, and portfolio theory to the real work of running a media enterprise. As a result, this course is exclusively for second year students who have already taken a basic corporate finance class and who are unafraid of algebra.

Course Materials: Only publicly available information (mainly public financial reports) will be required for this course, and these will be distributed electronically prior to each week's class. However, each of these will require some time to read and classes may require financial analyses to be prepared in advance of the class.

Grades: A student's grade will depend on class participation (50%) and performance on the take-home final exam (50%). At the option of the student, each final exam can be completed and submitted individually or as part of a team of no more than five students. There may also be a midterm exam, but that will be announced during the class.

Fall 2014 Classes:

1. (Thursday, September 18th) THE WALKING DEAD OR JEFF BEZOS' BIG IDEA?

Students will explore the challenges of managing a large print media business in an increasingly digital world. **The New York Times Company (NYT)** will be the focus of this class.

2. (Thursday, September 25th) NO CLASS

3. (Thursday, October 2nd) UNEASY LIES THE HEAD THAT WEARS THE CONTENT CROWN

Students will examine the outlook for two content creation companies: **Lionsgate (LGF)** and **DreamWorks Animation (DWA)**.

4. (Thursday, October 9th) DANCING WITH ELEPHANTS CAN GET YOU CRUSHED

Students will explore the benefits of merging two cable companies: **Time Warner Cable (TWC)** and **Comcast (CMCSA)**.

5. (Thursday, October 16th) BUYING HIGH AND SELLING LOW...OR... HIGH?

Students will review the prospects for **Facebook (FB)** and **AOL (AOL)**.

6. (Thursday, October 23rd) SHOULD YOU DATE SOMEONE ON THE REBOUND?

Students will explore the prospects for **Twitter (TWTR)** and **Yahoo! (YHOO)**. THE FINAL EXAM WILL BE DISTRIBUTED AT THE END OF CLASS.

7. (Thursday, October 30) HAPPY HALLOWEEN! FINAL EXAM REVIEW

Students will review the final exam case that was handed out the prior week. THE FINAL EXAM WILL BE DUE PRIOR TO THE BEGINNING OF THIS CLASS.

ABOUT THE PROFESSOR:

Tad Smith serves as president and chief executive officer of The Madison Square Garden Company (MSG), overseeing all aspects of the company, including the overall strategy and day-to-day operations of MSG Sports, MSG Media and MSG Entertainment, as well as its administrative areas, including Finance, Legal, Human Resources, Communications and Business Operations. He also serves as alternate governor to the National Hockey League on behalf of the New York Rangers.

The Madison Square Garden Company's signature assets include an unparalleled portfolio of iconic venues: New York's Madison Square Garden, Radio City Music Hall and Beacon Theatre; the Forum in Inglewood, California; The Chicago Theatre; and the Wang Theatre in Boston. In addition, MSG owns and operates professional sports teams, the New York Knicks, Rangers and Liberty; MSG Entertainment and its entertainment properties, including the Radio City Christmas Spectacular, featuring the legendary Rockettes; and regional sports and entertainment networks, MSG and MSG+.

Previously, Mr. Smith served as President, Local Media at Cablevision Systems Corporation, where he was responsible for Cablevision Media Sales, the company's digital and linear television advertising sales division; News 12 Networks, the tri-state area leader in local cable news, weather and traffic for the communities Cablevision serves; and Newsday Media Group with assets such as Long Island's leading daily newspaper *Newsday*, its popular digital products including, *Newsday.com*; and *amNewYork*, the nation's most widely circulated free daily serving New York City.

Prior to joining Cablevision, Mr. Smith worked for Reed Elsevier Group PLC, a worldwide provider of business information. An accomplished veteran of both print and electronic operations, he most recently

served as chief executive officer of the company's U.S. business-to-business division, Reed Business Information (RBI), where he had leadership and operational oversight for a number of well-known brands, including *Variety*, *Daily Variety*, *Publishers Weekly*, *Multichannel News* and *Broadcasting & Cable*. He also was responsible for developing and running RBI's digital media businesses, including its extensive e-commerce operations.

Mr. Smith previously served as senior vice president of e-commerce for Starwood Resorts and Hotels Worldwide, tasked with developing and implementing a comprehensive global Internet strategy for the company. Prior to then, he was a vice president with BMG Entertainment, a subsidiary of global publisher Bertelsmann AG, where he served as head of the company's merchandising unit, and managed strategy, acquisition and restructuring for its North American business units, including Arista Records, RCA Records, BMG Direct Record Clubs and BMG Music Publishing. Mr. Smith began his business career as a management consultant for McKinsey & Company, Inc., a leading global management consulting firm, where he advised media, energy, and healthcare clients on all aspects of strategy and performance improvement.

Mr. Smith has been teaching at the Stern School of Business at New York University since 1999, where he is currently an Adjunct Professor in the Finance Department. His course, Strategy and Finance for Technology, Media, and Entertainment Companies, has been a favorite among Mr. Smith's 800+ former students.

He received a Master of Business Administration from Harvard Business School, where he was a George F. Baker Scholar and a Horace W. Goldsmith Fellow. Mr. Smith holds a Bachelor of Arts from Princeton University's Woodrow Wilson School of Public and International Affairs, where he received the R.W. Van de Velde Prize. In 2007 and 2008, Mr. Smith also served on the Dean's Leadership Council of the Woodrow Wilson School.

Mr. Smith serves on the board of directors for Tribeca Enterprises and SiTV Media, Inc. He is also a past member of the board and the executive committee of the Long Island Association, and the boards of the Interactive Advertising Bureau, the Online Publishers Association, and American Business Media. He won Folio's Executive of the Year in 2008, min's Top Executive of the Year in 2007, and Media Business' Top Innovator in 2007, and was inducted into the Digital Media Hall of Fame in 2006.

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