

Dear CEFS newsletter subscriber,
you will find two short descriptions of CEFS projects and a selection of CEFS news in this issue of our newsletter.
For complementary information, please visit our website at <http://www.cefs.de>.

Private Equity in Family Firms - Experiences with Minority Shareholdings

Ann-Kristin Achleitner, Stephanie Schraml and Florian Tappeiner presented the results of the new study on private equity minority shareholdings in family firms. This study was conducted on behalf of Stiftung Familienunternehmen.

It analyzes the suitability of minority shareholdings by private equity investors for family firms. The results are based on qualitative analysis of in-depth interviews with family firms, private equity investors and experts. The paper covers the motivation and the process of the share sale, the legal structuring of contracts, and the impact of the private equity investors on the family firms. The results reflect a strong satisfaction of the family firms with the minority shareholding. Apart from the capital injection, the family firms benefit from the investors' support in corporate governance, controlling and reporting as well as corporate finance. A crucial prerequisite for a successful partnership is the diligent selection of the investor, as their investment approach can differ to a large extent. Additionally, the legal structuring of the relevant contracts is decisive. The shareholders' agreement and the articles of association shall eliminate potential conflicts between the family firm and the private equity investor. Regulations concerning the investors' influence and exit are of high importance.

The study can be downloaded [here](#).

Financial Investors in the Media Sector

Media companies held by financial investors do not generally choose other strategic options than those held by strategic investors. Financial investors, such as private equity and hedge funds, usually do not interfere with daily operations or media content but place a strong focus on financial ratios and incentive schemes. The media industry as a whole is increasingly driven by financial objectives. Further development of broadcasting regulations is necessary to ensure that public law requirements on broadcasting companies are met regardless of their type of financing.

This is the result of a study conducted by the CEFS in cooperation with the Hans Bredow Institute for Media Research at the University of Hamburg and the IPMZ - Institut für Publizistikwissenschaft und Medienforschung - in Zurich on behalf of the German State Media Authorities (ALM/DLM). Due to strongly increasing private equity and hedge fund activity in German media companies during the past decade, the study's objective was to assess the impact of these investments on German media companies and to derive implications for future media regulation. For this purpose, case studies were conducted in the broadcasting, publishing, and cable sectors (e.g. ProSieben-Sat.1, Premiere, etc.). Amendments to existing media regulations are proposed, including 'lists of criteria' for assessing the broadcasting companies' fulfillment of public law requirements.

Links to the [press release](#) and [full text](#) of the expertise.

News

CEFS launches the Maetova Award

The Maetova Award evaluates profitable private equity deals, which illustrate that private equity can lead to a successful strategic realignment and sustainable growth. By this the overall positive impact of private equity on the German economy shall be acknowledged. The award is launched by the audit and consulting company Deloitte, the CEFS and the Institute for Business Management of the University of Karlsruhe. The selection of potential nominees is proceeded in two steps: using a scoring model there is an evaluation of the applications followed by the nomination of the winner conducted by a judging panel of experts. The three award categories during this selection process are family background, corporate background and transaction background. At the beginning of November a festive closing ceremony will take place in Munich. The ceremony as well as the application process is supported by our media partner "Wirtschaftswoche".

For further information on the award, please visit www.maetova-award.de.

News

KfW Endowed Chair for Entrepreneurial Finance portrayed as a good practice case of higher education in entrepreneurship

The European Commission and an expert group in the field of education for entrepreneurship appointed by the national authorities, under the Multiannual Programme for Enterprise and Entrepreneurship (2001-2005) coordinated by the European Commission's Directorate-General for Enterprise and Industry, published the final report on 'Entrepreneurship in higher education, especially within non-business studies'. Therein, the Technical University of Munich (TUM), the KfW Endowed Chair in Entrepreneurial Finance and the UnternehmerTUM are portrayed as a good practice case. The expert group highlights the TUM as an 'Entrepreneurial University', where students of all disciplines are encouraged to think and act in an entrepreneurial way.

The report can be downloaded [here](#).

70th Annual Meeting of the German Academic Association for Business Research (VHB e.V.) in Berlin

During the 70th Annual Meeting of the German Academic Association for Business Research (VHB e.V.) Marc Steffen Rapp and Michael Wolff (Universität Karlsruhe (TH)) presented first results from their joint project on corporate governance and executive compensation in German listed firms. In their paper called 'Unternehmensmerkmale, Performance und Corporate Governance-Mechanismen als Determinanten der Vorstandsvergütung in deutschen Aktiengesellschaften' the two researchers examine the link between corporate governance mechanisms and managerial compensation levels. The 70. Annual Meeting of the German Academic Association for Business Research was hosted by the Freie Universität Berlin. Contributions were selected on the basis of a double blind-review process with an average acceptance rate of 45%.

The presentation can be downloaded [here](#).

Dr. Reiner Braun to attend Entrepreneurship Education Colloquium at Harvard Business School

Dr. Braun has been accepted to the Entrepreneurship Education Colloquium on Participant-Centered Learning (EECPCL) at Harvard Business School. For his participation he has received a grant by the European Foundation for Entrepreneurship Research (EFER), one of the initiators of the program. The EECPCL program aims at developing and enhancing entrepreneurship education at European universities. It is a week-long program and will take place in July 2008.

Marjolin Prize awarded to Tobias Berg

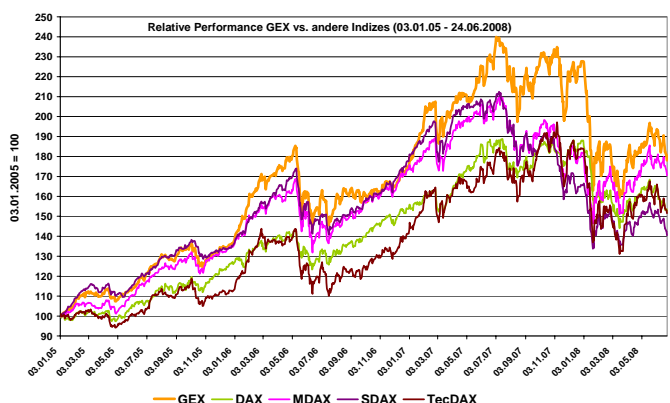
The 2008 [Marjolin Prize](#) was awarded to Tobias Berg (CEFS) for his paper 'Linking Credit Risk Premia to the Equity Premium'. The paper was selected by the SUERF Council for having made the best contribution to the SUERF Colloquium. SUERF wishes to honour Robert Marjolin's memory by supporting a young outstanding author's publication. The paper can be downloaded [here](#).

German Entrepreneurial Index (GEX)

The GEX has continued to outperform the other main German indices since its inception on 03.01.2005. Currently there are 104 entities listed in the GEX. The change in composition of the index as of June 2008 resulted in the following new entries to the GEX: biolitec AG, MOBOTIX AG and Alphaform AG. The following firms are no longer listed in the index: AAP Implantate AG, AWD Holding AG, UTD.Internet AG and DocCheck AG.

The GEX was introduced in January 2005 as a joint project of Deutsche Börse Group and CEFS. For further information please follow the links about current [market information](#) and the [release of the index](#).

All index data as of 26.06.2008.



Center for Entrepreneurial and Financial Studies (CEFS)
Technische Universität München
Arcisstr. 21 80333 Munich Germany
E-mail: contact@cefs.de Tel: +49 89 28925484

News

Paper accepted for Special Issue of the International Journal of Entrepreneurship and Innovation Management

The paper ‚Community Development Venture Capital: Concept and Status Quo in Germany‘ by Prof. Achleitner, Dr. Braun, M. Bender and A. Geidner was accepted for the special issue of the journal mentioned above focusing on ‚The Role of Public Venture Capital Financing Towards Creating New Entrepreneurial Businesses and Innovations‘. The paper can be downloaded [here](#).

Stefan Obernberger presenting at 10th European FMA In Prague

On June 6th Stefan Obernberger presented a paper on the impact of the Sarbanes-Oxley Act on the cost of going public at the 10th European FMA conference in Prague. At the conference, more than 300 researchers from universities around the world discussed and presented their latest research in Finance. The paper can be downloaded [here](#).

Stefan Lülfi and Stefan Hubert awarded Kurt Fordan Seminar Thesis Prize

TUM-BWL students Stefan Lülfi and Stefan Hubert were awarded the prize for their outstanding seminar papers on “Strategies to a More Efficient Social Capital Market with Focus on the Potential of Social Venture Capital” and “Turnaround Buyouts”. The theses were supervised by Barbara Roder, Bastian Hinterramskogler and Oliver Klöckner. The seminar prize is assigned by Förderverein Kurt Fordan für herausragende Begabungen e.V.

People

Markus Ampenberger returns from research stay at Harvard University

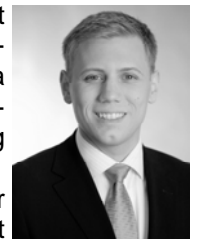
Markus has returned to CEFS from his research stay at Harvard University. During his 5 months stay he has taken PhD-courses in the area of corporate finance and entrepreneurship. He has conducted research by analyzing the impact of ownership structures on organizational behaviour (such as investment or diversification decisions). His main supervisor at Harvard was Prof. Josh Lerner. For this stay Markus received generous support from Kurt-Fordan Förderverein für herausragende Begabungen e.V.

Leaving CEFS members

We say farewell to Annabell Geidner and Martin Brixner:



Annabell handed in her dissertation in April 2007 on “The changes of management in divisional buyouts”. She contributes to the discussion of the post-investment development and value creation in private equity financed divisional buyouts. Based on a controlling framework and selected theoretical perspectives different areas of management systems are analyzed. Annabell Geidner currently works for the consulting firm Bain & Company in Munich.



Martin handed in his dissertation on ‘Financial assessment of outside funding for direct pension liabilities’ in May 2008. Within his dissertation he examines as to what extent outside funding of direct pension liabilities can be advantageous for mid-sized and primarily non-listed companies from a financial perspective. Martin Brixner now works for Towers Perrin Forster & Crosby, Inc. within the Retirement division. We wish both of them all the best for their futures.

New CEFS members

We welcome Stefan Obernberger and Florian Bitsch as our new CEFS colleagues:



Stefan joined the team after finishing his master’s degree in Finance and Information Management at TU München. He has studied abroad in the USA as well as Sweden and gained practical experience in finance and equity research.

Florian graduated with a Diploma in Economics from Ludwig-Maximilians-Universität München. Apart from studies in the USA and the UK, he gained practical experience in finance and asset management.

We are very happy that both have joined our team.



Publications

New publications available via the social science research network (SSRN):

- Achleitner, A.-K.; Müller, K.: Private Equity Entities and Conglomerates: What are the differences? (June 2008). Available at SSRN: <http://ssrn.com/abstract=1140699>
- Braun, R.: In the Eye of the Beholder: How Construing Situations Affects Opportunity Recognition (April, 2008). Available at SSRN: <http://ssrn.com/abstract=1114110>
- Kaserer, C.: Restricting Interest Deductions in Corporate Tax Systems: Its Impact on Investment Decisions and Capital Markets (March 2008). Available at SSRN: <http://ssrn.com/abstract=1130718>
- Obernberger, S.; Kaserer, C.; Mettler, Al.: Has the Sarbanes-Oxley Act reduced the Adverse Selection Cost of Going Public? (March 2008). Available at SSRN: <http://ssrn.com/abstract=1147138>
- Rapp, M. S., Schwetzler, B., Sperling, M. O.: Who is There When They Leave - An Anatomy of Block Trades in a Bank-Based Economy (May, 2008). Available at SSRN: <http://ssrn.com/abstract=1100582>

Publications newly available via the social science research network (SSRN):

- Achleitner, Ann-Kristin, "Social Entrepreneurship and Venture Philanthropy in Germany (Social Entrepreneurship und Venture Philanthropie - Erste Ansaetze in Deutschland)" (April 2006). Published in: Management am Puls der Zeit, Festschrift für Univ. Prof. Dr. Dr. h.c. mult. Horst Wildemann, Band 1: Unternehmensführung, hrsg. von I. Hausladen, München, 2007. Available at SSRN: <http://ssrn.com/abstract=1152275>
- Achleitner, A.-K.; Ehrhart, N.; Zimmermann, V.: Venture Capital and Private Equity in Germany after Market Consolidation (Beteiligungsfinanzierung nach der Marktkonsolidierung), (April 2006). Available at SSRN: <http://ssrn.com/abstract=1130133>
- Achleitner, A.-K.; Geidner, A.; Klöckner, O.: The Contribution of Private Equity and Venture Capital to Employment in Europe (Der Beitrag von Private Equity und Venture Capital zur Beschäftigung in Europa). Available at SSRN: <http://ssrn.com/abstract=1122290>
- Achleitner, A.-K.; Kaserer, C.; Jarchow, S.; Wilson, K. E.: Entrepreneurship Education in German Speaking Europe — A Mapping (February 2007). Available at SSRN: <http://ssrn.com/abstract=1123647>
- Achleitner, A.-K.; Nathusius, E.: First Chicago Method: Alternative Approach to Valuing Innovative Start-Ups in the Context of Venture Capital Financing Rounds (First-Chicago-Methode—Alternativer Ansatz zur Bewertung von innovativen Unternehmensgründungen bei Venture-Capital-Finanzierungen), in: Betriebswirtschaftliche Forschung und Praxis (BFuP), 2005, Vol. 57, No. 4, pp. 333-347. Available at SSRN: <http://ssrn.com/abstract=1133004>

Save The Date

CEFS-Speaker-Series with Dr. Josef Ackermann, CEO of Deutsche Bank AG



Please save the date for a special event: On **December 4th 2008 at 6 pm** Dr. Josef Ackermann, CEO of Deutsche Bank AG, will give a speech within the CEFS-Speaker-Series. More detailed information concerning this event will follow soon.

Source:
Deutsche Bank