



CEFS Newsletter Quarter 4/2011

16.12.2011



The Center for
Entrepreneurial and Financial Studies wishes

Merry Christmas

Dear **\$\$academic title\$\$** **\$\$first name\$\$**
\$\$last name\$\$,

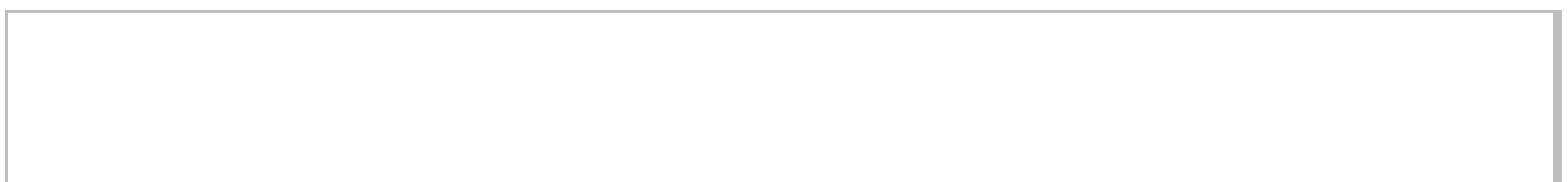
in this issue of our newsletter you will find news, information on a selection of current CEFS projects, publications, conference contributions, CEFS member news as well as a variety of announcements. For additional information, please visit our website at <http://www.cefs.de> or contact us at contact@cefs.de.

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NEWS:

→ **GEX under pressure, DAXplus Family follows market**





In 2011, German entrepreneurial firms were under pressure. As compared to the DAX 30 index of German blue chip stocks which lost 15 percent from January 2011 to the beginning of December, the German Entrepreneurial Index (GEX®) lost 38 percent within the same time frame. The German Entrepreneurial Index (GEX®) represents entrepreneurial owner-managed firms in Germany which have not been listed for more than ten years. The index is computed by Deutsche Börse and was developed in cooperation with CEFS.

The development of the DAXplus Family 30 index was similar to the DAX 30 blue chip index. The German family firm index lost about 18 percent of its value from January 2011 until the beginning of December. During 2011, co-movement of DAX and DAXplus family was observable to a great extent. The DAXplus Family consists of German Prime Standard firms with founding family ownership of at least 25% of voting rights or a minimum of 5% of voting rights and at least one family representative being part of the management or supervisory board. The DAXplus Family was developed by Deutsche Börse and CEFS.

→ Technische Universität München provides young entrepreneurs with best chances

Technische Universität München was ranked the first place in the current ranking "From student to entrepreneurial". The study of the chair for Economic Geography and Tourism Research at Ludwig-Maximilians-University Munich compares the academic support given to students for formation of a company at German universities. Compared to the last ranking of 2009, TUM improved in all examined areas and moved up by three places. The ranking is supported by the Federal Ministry of Economics and Technology.

More information can be found [here](#).

→ Paper accepted by the Academy of Management Annual Conference

The paper „Value Addition by Private Equity Firms“ by Landau / Bock was accepted for presentation at the Academy of Management Annual Conference 2011 taking place in San Antonio, Texas, USA in August this year.

→ Paper accepted by the yearly Entrepreneurship Conference G-Forum

The paper "The Effect of the Capital Gains Tax on Venture Capital Investments" by Achleitner / Bock / Watzinger was accepted for presentation at the yearly Entrepreneurship Conference G-Forum taking place in St. Gallen / Zurich from 2 to 4 November 2011.

→ **Presentation of paper at G-Forum, Zurich**

Judith Mayer presented the paper "Disentangling gut feeling - Assessing the Integrity of Social Entrepreneurs" by Ann-Kristin Achleitner, Eva Lutz, Judith Mayer and Wolfgang Spiess-Knafl at the G-Forum 2011 in Zurich.

→ **Paper accepted by the Strategic Management Society Annual International Conference**

The paper "The Impact of the Recent Financial Crisis on Financial Covenant Restrictiveness in European LBOs" by Achleitner / Bock / Tappeiner was accepted for presentation at the Strategic Management Society (SMS) Annual International Conference taking place in Miami, Florida, USA, from November 6th to 9th. In addition, the paper "The Capital Gains Tax: A Curse but also a Blessing for Venture Capital Investment" by Bock / Watzinger was accepted for the Competitive Strategy Junior Faculty and Paper Development Workshop taking place on November 5th prior to the conference.

→ **Professor Achleitner in advisory council of the Social Entrepreneurship Akademie**

The Social Entrepreneurship Akademie was founded in 2010 and organized as a network by the four universities of Munich (Hochschule Munich, LMU Munich, TU Munich, University of Armed Forces Munich). The founders are the directors of the local Centers for Entrepreneurship, as well as the Chair for Entrepreneurial Finance at TU Munich. The Social Entrepreneurship Akademie offers a program in the area of education, supports selected social start-up projects and strives to promote the structure of a vast network in order to strengthen the idea of Social Entrepreneurship in society. Its patrons include Falk F. Strascheg and Bernd Wendeln, the BMW foundation Herbert Quandt, BonVenture and the Vodafone foundation. One of the members of the advisory council is Prof. Dr. Dr. Ann-Kristin Achleitner.

For more information please visit our [homepage](#).

→ **„Welt“-Conference: Professor Achleitner takes part at a discussion about women in top management positions**

Together with Daniela Favocchia (Partner of the Chambers of Hengeler Mueller), Silvana Koch-Mehrin (Vice President of the European Parliament) and Claudia Nemat (Director of McKinsey), Ann-Kristin Achleitner represents career-women of the economy, politics and science. At the conference of the newspaper "Welt" they discussed the equality of females in leading positions and came to the conclusion that the society as well as enterprises have to change. Otherwise the number of women on the executive floor could not increase. The biggest talking point was reconciling family and career.

PUBLICATIONS:

→ **Presentation of study on the capital market financing of family firms "Die Kapitalmarktfähigkeit von Familienunternehmen - Unternehmensfinanzierung über Schuldschein, Anleihe und Börsengang"**

Ann-Kristin Achleitner, Christoph Kaserer, Nina Günther and Sarah Volk have completed a study on the capital market financing of family firms. The study was conducted on behalf of Stiftung Familienunternehmen. The study analyzes debt and equity capital market instruments with respect to their suitability for family firms. It highlights and evaluates different aspects in the decision process of

family firms regarding the use of capital market financing. The results are based on a qualitative analysis of semi-structured, in-depth interviews with capital market experts as well as representatives of family firms. The study provides evidence that the owner family takes or at least strongly influences the final decision regarding the firm's financing structure. Still, the CFO's expert knowledge and his experience with previous capital market transactions have a positive effect on the use of public debt and equity capital market instruments. The results show that family firms decide to go public in order to finance growth, to convert shares into cash or to increase public awareness of the company. The reasons for the use of public debt instruments include growth financing, diversification of sources of capital and reduction of dependency on bank loans as well as increase of long-term financial stability and raise of capital for liquidity purposes.

On 21 March 2011 Stiftung Familienunternehmen invited to the presentation of the study in Frankfurt. After Professor Achleitner presented the results of the study, Prof. Dr. Dr. h.c. Brun-Hagen Hennerkes, Management Board of the Stiftung Familienunternehmen, Dr. Peter Bartels, PricewaterhouseCoopers Wirtschaftsprüfungsgesellschaft AG, Management Board Family Firms and SMEs and Jan Rinnert, Member of Management of the Heraeus Holding GmbH, Hanau, commented on the results and their implication and were available for questions.

More information can be found [here](#).



→ Prof. Kaserer presents new study on European mid-market buy-out transactions

Prof. Kaserer presented a new study on return attribution in European mid-market buy-out transactions at the EVCA Mid-Market Forum in Budapest. The study uses a unique dataset provided by private equity firms and was supported by the European Venture Capital and Private Equity Association (EVCA). On the basis of a new methodological approach the study finds that earnings growth in portfolio companies is clearly the most important return driver. Wider-market effects as well as leverage have a minor impact on overall return. The full text of the study is available at [SSRN](#).

→ Two new studies co-authored by Professor Kaserer published by Deutsche Börse

Two studies of Prof. Kaserer were published by Deutsche Börse and presented at Eigenkapitalforum on 22 November 2011. In the study „Primary Market Activity and the Cost of Going and Being Public – An Update“, Prof. Christoph Kaserer and Prof. Dirk Schiereck analyze how companies choose the exchange for their stocks and bonds.

Further, Prof. Kaserer co-authored a study on capital market orientation of small and medium-sized enterprises (SMEs) in Germany which was published by Commerzbank, Deutsches Aktieninstitut and Deutsche Börse. In this study, Prof. Kaserer investigates the ability of SMEs to access external capital markets. Both studies are available on the Deutsche Börse homepage.

→ Publications on Impact Investing

Together with the Schwab Foundation for Social Entrepreneurship, Ann-Kristin Achleitner and Wolfgang Spiess-Knafl have been working on two related publications. The "Social Investment Manual" is thought to be the most comprehensive resource for social entrepreneurs on social investments. It gives an overview of the social investment landscape and offers concrete approaches on determining the optimal financing structure. [[Link](#)].

The second article "Unlocking the Mystery" was published in a special edition of the journal "Innovations" on Impact Investing. This article

builds upon the "Social Investment Manual" and gives an introduction to the social investment space and the social investment process. [\[Link\]](#).



→ Paper accepted for publication in Review of Financial Economics

The paper "Value Creation and Pricing in Buyouts: Empirical Evidence from Europe and North America" by Ann-Kristin Achleitner, Reiner Braun and Nico Engel was accepted for publication in the Review of Financial Economics (REF). The paper examines entry and exit pricing in buyouts and its influence on private equity (PE) sponsors' returns. The results show that multiple expansion, i.e. the difference between entry and exit pricing, is a skill rather than pure luck and a fundamental factor in explaining equity returns. The analysis provides evidence that more experienced PE sponsors are able to command higher exit prices due to reduced information asymmetries associated with a proven exit track record and that deals realized in a later stage of a fund's life cycle are associated with lower exit prices which can be explained by a reduced negotiation power of the PE sponsor.

→ Paper accepted for publication in Journal of Empirical Finance

The paper "The Risk Appetite of Private Equity Sponsors" by Reiner Braun, Nico Engel, Peter Hieber and Rudi Zagst was accepted for publication in the Journal of Empirical Finance (JEF). Using a unique proprietary data set of 460 realized buyouts completed between 1990 and 2005, the authors examine the risk appetite of private equity (PE) sponsors in different states of the PE market and analyzes key determinants of deal-level equity risk.

→ Achleitner / Bock / Watzinger: "The Capital Gains Tax: A Curse But Also a Blessing For Venture Capital Investment"

This article documents a statistical association between the number and success of venture capital investments and the capital gains tax rate. For this purpose, Prof. Ann-Kristin Achleitner, Dr. Carolin Bock and Martin Watzinger analyze investment data and taxes of 32 countries from 2000 to 2010. The authors find that higher capital gains tax rates are associated with fewer firms financed and a lower probability for ventures receiving follow-up funding. However, if the first investment is received when taxes are high, the probability of a firm eventually going public or being acquired increases. The authors conclude that high tax rates are associated with fewer, but on average more successful companies.

The paper is available at [SSRN](#).

AWARDS AND SCHOLARSHIPS:

→ Prof. Kaserer and Dr. Berg win Outstanding Paper Award of DGF

The paper "Convert-to-Surrender Bonds: A Proposal of How to Reduce Risk-Taking Incentives in the Banking System" from Tobias Berg and Christoph Kaserer wins the Outstanding Paper Award of the German Finance Association (DGF). The paper was honored at the 18th Annual Meeting of the DGF 2011 in Regensburg, Germany.

→ **Alumnus Dr. Oliver Klöckner wins Wolfgang-Ritter-Preis**

The Wolfgang-Ritter-Stiftung awarded the first prize to Oliver Klöckner for his dissertation on "Buy-outs in Family Businesses". Oliver Klöckner earned his doctorate at the KfW-Endowed Chair in Entrepreneurial Finance at Technische Universität München in 2009. In his dissertation he analyzed the changes in corporate governance, instruments of managerial control, and financial practices after family businesses were sold in buy-out transactions. The award ceremony was held in Bremen in May 2011.

The Wolfgang-Ritter-Stiftung was founded in 1970 and is endowed with the highest prize money for research in business administration in Germany. We congratulate Oliver to this honor.



→ **Münchner Quartett wins Stiftung Mercator and Stifterverband award**

The Social Entrepreneurship Academy wins the Stiftung Mercator and Stifterverband award with a prize money of 190.000€. The Social Entrepreneurship Academy was founded by the four Munich universities Hochschule München, Ludwig-Maximilians-University, Technical University of Munich and the University of the German Federal Armed Forces and their connected Entrepreneurship Centers. The cooperation pursues the goal to support innovations by entrepreneurial thinking and acting by offering a platform to social entrepreneurs to realize their ideas and projects. The academy is focused on the three sectors "Motivation & Qualification", "Foundation Support" and "Network". With their idea of an academy for social entrepreneurs they were able to convince the jury in Berlin. Beside the Munich cooperation there were nine other finalists and altogether six universities were honored. With the award the Stiftung Mercator and the Stifterverband want to support the social commitment of universities.

For more information see our [press release](#)!



Falk F. Strascheg (Partner, Donor and Founder of SCE), Prof. Dr. Klaus Sailer (Project Manager, Hochschule München), Prof. Dr. Ann-Kristin Achleitner (Project Partner TU München), Prof. Dr. Christiane Fritze (Vice President Hochschule München), Andy Goldstein (Manager, Project Partner LMU Entrepreneurship Centre), Prof. Dr. Bernhard Katzy (Institute Manager - Technology- and Innovationsmanagement, Project Partner Universität BW München). (Foto: Steffen Weigelt, Rights Stiftung Mercator)

→ **CEFS Paper nominated at the 15th interdisciplinary annual conference G-Forum**

CEFS is delighted to announce that a paper was nominated for the FGF-Best Entrepreneurship Research Newcomer Award at the G-Forum 2011 in St. Gallen / Zurich. The paper "The Effect of of the Capital Gains Tax on Venture Capital Investments" by Achleitner / Bock / Watzinger was nominated together with four other papers out of all conference submissions.

→ **CEFS paper wins BAI-Wissenschaftspreis 2011**



The paper "Value Creation Drivers in Private Equity: Empirical Evidence from Europe" by Ann-Kristin Achleitner, Reiner Braun, Nico Engel, Christian Figge and Florian Tappeiner won the BAI-Wissenschaftspreis 2011 in the category "Sonstige Wissenschaftliche Arbeiten". With the science prize the Bundesverband Alternative Investments (BAI) would like to create an incentive for students and scientists in Germany to do research in this sector which becomes increasingly important to investors.

→ **Alumnus Dr. Markus Ampenberger wins Förderpreis of Esche Schümann Comichau Foundation**

Former CEFS member Dr. Markus Ampenberger receives the Förderpreis 2011 of Esche Schümann Comichau Foundation for his dissertation on corporate policy choices in listed family firms.

→ **Alumnus Dr. Markus Ampenberger wins Finanzkompass Award 2011**

CEFS alumnus Markus Ampenberger is the winner of the "Finanzkompass 2011 - Innovationspreis der Finanzplatzinitiative Hamburg". For his dissertation "Unternehmenspolitik in börsennotierten Familienunternehmen" he was awarded the Finanzkompass by Hamburg's Senator Frank Horch. The awarding ceremony took place in Hamburg's town hall on November 14, 2011.

→ Teaching Award 2010 of the Bavarian State Minister of Sciences, Research and Arts

We are proud to announce that Dr. Wolfgang Heubisch, Bavarian State Minister of Sciences, Research and Art, awarded Dr. Eva Lutz with the 2010 teaching award. The award ceremony took place at the University of Augsburg on 17th of October.

The picture shows Dr. Wolfgang Heubisch, MdL (Bavarian minister for science, research and arts) (left) with Dr. Eva Lutz.



→ Two student assistants succeed in the first round of the Evobis Munich Businessplan Competition

Our two student assistants Jan-Philip Schade and Pascal Stegmann received 500€ prize money in the first round of the Munich Businessplan Competition for their invention called "WEmecs". WEmecs is a system which increases the efficiency of offshore wind turbines by metering and analyzing permanently the strain in the wings, tower and the main electricity cable. As a result, the program can regulate the construction in an intelligent way.

Further information can be found [here](#).



EVENTS:

→ "Social Entrepreneurship – Soziales und Unternehmertum, ein Widerspruch an sich?"

Social Entrepreneurship Akademie, Vodafone Stiftung Deutschland and the Chair in Entrepreneurial Finance, supported by KfW Bankengruppe, invited to the event which took place on 13 July 2011. The keynote speeches were held by Prof. Dr. Dr. Ann-Kristin Achleitner on the financing of social entrepreneurs and by Prof. Dr. Andreas Heinecke, founder and CEO of "Dialogue Social Enterprise", on social entrepreneurs in moral conflict when earning money ("Warum nicht Gutes tun und gut verdienen? Social Entrepreneurs im Gewissenskonflikt").

After the keynotes, a panel discussion was held featuring Angela Lawaltdt, investment manager at "BonVenture", Christina Veldhoen, founder and CEO of "ROCK YOUR LIFE!" and Johannes Weber, founder and managing partner of the "Social Venture Fund".



FUTURE EVENTS:

→ Speaker Series: Franz Fehrenbach, CEO of Robert Bosch GmbH, will speak at TUM

We are proud to announce that Franz Fehrenbach will be our next speaker in the CEFS Speaker Series. Franz Fehrenbach is CEO of Robert Bosch GmbH and member of the supervisory board of BASF, among other commitments. The speech will take place on 15 May 2012.

Further information will be announced soon.

(Foto: Robert Bosch GmbH)



CEFS MEMBER NEWS:

→ We congratulate Nina Fichtl and Philipp Schaller on the completion of their dissertations

Nina`s work focused on earnings characteristics of German listed firms with a particular focus on effects of IFRS adoption and family governance on earnings management and conservatism. The dissertation of Philipp is about stock based compensation. Thereby he analyzed the effects of this compensation component on long-term orientation and performance.

Recently, Nina moved on to the Accounting Policy Department of Allianz SE while Philipp is executive assistant at the Deufol AG.



→ CEFS welcomes Judith Mayer

The Chair in Entrepreneurial Finance welcomes Judith Mayer as a new member of the team. Judith is a scientific assistant and focusses her research topics in the area of social entrepreneurship and venture philanthropy.

Prior to joining CEFS, Judith studied Finance and Information Management at Technische Universität München as well as the University of Augsburg, where she graduated in March 2011.



→ CEFS welcomes Theodor Haakh

The Chair in Entrepreneurial Finance welcomes Theodor Haakh as a new member of the team. Theodor is a scientific assistant and focuses his research on topics in the area of venture philanthropy and social reporting. He is also responsible for the research sector of the newly founded Social Entrepreneurship Akademie.

Prior to joining CEFS, Theodor graduated from the Karlsruhe Institute of Technology and has worked in an investment bank and as a business consultant.



→ CEFS welcomes Stefanie Otte

The Center for Entrepreneurial and Financial Studies (CEFS) welcomes Stefanie Otte as a new research assistant. Stefanie joined the team on 1 August 2011 and focusses her research on empirical corporate finance.

Prior to joining CEFS, Stefanie obtained her master's degree in Business Administration from Humboldt University Berlin where she specialized in Finance.



→ CEFS welcomes Maximilian Schmidt

The Chair in Entrepreneurial Finance, supported by KfW Bankengruppe, welcomes Maximilian Schmidt as a new research assistant. Maximilian joined the team on 4 October 2011 after obtaining his master degree in Finance and Information Management from Technische Universität München and the University of Augsburg.

Next to his academic education Maximilian worked for top management consulting companies, financial institutions and a social venture capital fund.



→ CEFS welcomes Ingo Stoff

The Chair in Entrepreneurial Finance, supported by KfW Bankengruppe, welcomes Ingo Stoff as a new research assistant. Ingo joined the team on 4 October 2011 after working in the consulting and private equity industry for four years.

He has received his master degree in Finance and Accounting from the University of Maastricht and successfully completed the CFA-Program.



→ CEFS welcomes Daniel Urban

The Department of Financial Management and Capital Markets welcomes Daniel Urban as a new member of Professor Kaserer's team. Daniel joined the team on November 1, 2011, after obtaining his master's degree in Finance & Information Management from Technische Universität München and the University of Augsburg.

His research interests are in the areas of payout policy, financial flexibility and corporate governance.



→ CEFS welcomes Steffi Schneider

Steffi joined the team of the Department of Financial Management and Capital Markets of Prof. Kaserer on December 1st 2011 from The Boston Consulting Group, where she was working mainly in the financial sector and for pro bono projects in the Social Impact area.

Prior to working for BCG, Steffi studied at Regensburg University and the University of Canterbury (New Zealand). She obtained a Diploma in Mathematics, with Algebraic Number Theory being her major field of interest.



CEFS e.V.

In 2008, CEFS e.V. was founded as a non-profit organisation to support CEFS's young scientists with research funds and scholarships during the development, presentation and publication of their research.

CEFS is interested in developing long-term partnerships with friends and patrons of CEFS e.V. In return, CEFS offers its sponsors opportunities such as project studies to find hands-on solutions in co-work with dedicated students of TUM School of Management, guest lecture sessions within our curriculum as well as workshops. Friends and patrons are also invited to our CEFS Speaker Series, which features a great variety of highly renowned international speakers (such as David Swensen, Stephen Schwarzman, Dr. Josef Ackermann and Dr. Jürgen Großmann).

Contributions can be made to CEFS Förderverein e.V., Kontonummer (Account number): 0508227400, BLZ (Sort code): 70080000 (Dresdner Bank).

For further questions, please contact us at contributions@cefs.de or +49-89-289-25489.

We thank you for your support!

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Impressum

Center for Entrepreneurial and Financial Studies (CEFS)
TUM School of Management | Technische Universität München (TUM)
Arcisstraße 21 | 80333 Munich | Germany
E-mail: contact@cefs.de | Tel: +49-89-289-25489 | Web: <http://www.cefs.de>



