



Baylor University John F. Baugh Center for Entrepreneurship and Free Enterprise

NOMINATION OF THE:
BAYLOR ANGEL NETWORK STUDENT ANALYST PROGRAM

FOR THE:
EXCELLENCE IN ENTREPRENEURSHIP TEACHING
AND PEDAGOGICAL INNOVATION AWARD

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Executive Summary

The purpose of this submission is to nominate the Baylor Angel Network (BAN) Student Analyst Program for the Excellence in Entrepreneurship Teaching and Pedagogical Innovation Award. Created and directed by faculty and staff in the John F. Baugh Center for Entrepreneurship and Free Enterprise to provide a valuable real-world experience for our undergraduate students, the program has proven highly successful. BAN student analysts are immersed in a demanding and unique for-credit learning experience that provides knowledge and skills that are highly valued in the market. In addition to receiving course credit toward their BBA degree, students completing the BAN student analyst program have a nearly 100 percent placement rate at high profile entrepreneurial firms, with average salaries that are 40% higher than average starting salaries of all Baylor BBA graduates and nearly 20% higher than average starting salaries of recent Harvard University graduates.

Students in the BAN student analyst program play a fundamental role in the operations and overall success of the angel investor network. The Baylor Angel Network was launched in 2009 to provide early-stage capital to new ventures with strong entrepreneurial teams, developed products or services, and early customer traction. BAN stakeholders – including faculty, staff, students, alumni, and entrepreneurs – provided strategic advisory input for the creation of the BAN student analyst program. Dr. Bill Petty, the W.W. Carruth Chair of Entrepreneurship, served as academic director of BAN from 2009-2018 and originated the BAN student analyst program and its pioneering experiential teaching methods described below. Currently, Kendall Artz, Director of the Baugh Center for Entrepreneurship, provides academic oversight of the BAN student analyst program. David Reid, a staff member in the Department of Entrepreneurship, is BAN's executive director.

Baylor Angel Network

BAN was created with three specific goals in mind: a) to provide a highly valuable hands-on educational experience to undergraduate students; b) to provide quality early-stage investment opportunities to angel investors; and c) because each angel investor agrees to contribute a portion of their profits back to Baylor, to provide a long-term revenue source for the Baylor Entrepreneurship Department. Since inception, BAN members have invested over \$13 million through nearly 400 individual investments.

Critically, the 54 angels who are currently members of BAN also make an important commitment when they agree to become members, i.e., to act as mentors and coaches to the BAN student analysts as they work to complete their BAN analyst duties. The angels spend considerable time working with the student analysts as they research potential investment deals and communicate with executives. For instance, a BAN angel is assigned to oversee the process of vetting each deal that student analysts consider. These BAN angels are highly valuable resources to our students, as they provide specific industry and financial expertise, connect students with industry experts, assist students in understanding the subtleties of structuring deals, and participate in investment calls between student analysts and startup executives. Moreover, on presentation days, when four executives from new ventures present, each deal angel will generally be present to coach the analysts on their presentation style and content. Again, this unique process provides real-world, experiential learning and coaching for the analysts from active industry players.

BAN Student Analyst Program

As BAN has evolved over the past decade, so too has the BAN student analyst program. Originally conceived simply as a powerful platform for allowing students to conduct due diligence on new startups, the students' role in BAN has expanded to add additional value to the student experience. Consequently, they have become an increasingly important part of the operations of BAN. Moreover, the number of students participating as student analysts has also expanded. Today, students enter the program during their junior year and are designated as a "junior analyst." If successful in this role they are eligible to continue during the fall and spring semesters of

their senior year as a “senior analyst.” As expected, the senior analysts have more responsibility than the junior analysts. The senior analysts also receive three hours of course credit each semester, while the junior analysts receive one hour of course credit for the spring semester only.

Today, BAN student analysts are responsible for providing leadership in six primary areas of responsibility (see *Appendix 1* for Student Analyst Program Timeline). These include 1) completing the student analyst research practicum, 2) conducting deal analysis and selection, 3) managing presentation day operations, 3) hosting presentation day startups, 5) mentoring junior analysts, and 6) selecting BAN students analysts.

- **Analyst research practicum** – Through his experience leading Baylor’s acclaimed Entrepreneurial Finance course, Dr. Petty innovated teaching methods that relied on mentoring by practicing entrepreneurs, practice-focused teaching notes, and in-depth classroom discussion with entrepreneurs and angel investors. BAN analysts benefit from this highly experiential pedagogy. All junior analysts are required to complete Entrepreneurial Finance, where they are immersed in real-world analysis of startup company financial statements, investment criteria, and models that provide insight into investment successes and failures.

Even the process for organizing the practicum is facilitated by BAN analysts. Each semester, one student analyst is selected to maintain a calendar of teaching notes, when they will be discussed, and which should be analyzed or outlined. During a representative teaching class, the professor will use the Socratic method at a roundtable setting to inquire about the content of particular teaching note, why it applies to angel investing, how it impacts a new venture’s financial position, and how it may apply to specific private company deals in the current presentation day pipeline. The Socratic discussion method, based on actual investment cases, engages the analysts and directly contributes to their current success within BAN and their longer-term career.

- **Deal analysis and selection** – Two times per semester (four/academic year), analysts – in conjunction with the Baugh Center’s BAN Director – identify approximately 16 deals from the dozens of early stage ventures that have submitted their business plans to BAN. Analysts have developed and refined a process for narrowing the number of deals down to four for each cycle (16 total presentation deals each calendar year). Following an initial objective analysis meeting intended to reduce the number of potential deals to be considered for the upcoming presentation day, a junior and senior analyst is assigned to each deal and the senior analyst will reach out to the company executive (generally the CEO), initiate a research call, and lead the call. The junior analyst will participate during the call to learn the process. Both analysts perform channel checks to collect and analyze research data on the deal. All of this analysis is presented at a subjective analysis meeting, in which the analysts must narrow the number of companies down to the final four, which will be invited to that cycle’s presentation day. This rigorous process continues to be refined each year as analysts aim to continually improve the quality of deals presented to angels.
- **Presentation day operations** – Analysts work closely with Baugh Center staff to prepare for angels, executives, and other prestigious visitors at the full-day on-campus presentation day event. These events occur twice per semester, resulting in all analysts serving at six total presentation days during their student tenure with BAN. Usually, there are approximately fifty angels in attendance, and with guests and others the total people in the audience nears one hundred.
- **Hosting presentation day startups** – In addition to operational support of presentation days, analysts must also prepare to host, introduce, debrief, and perform Q&A for the four companies and related executives. Based on the analysts’ professionalism, knowledge, and preparation, many first-time visitors make the mistake of presuming these students are young alumni or company representatives rather than

undergraduate students. Empowering the analysts to lead these meetings where significant dollars could be at stake was at first a venturesome attempt by faculty at teaching presentation skills, but this aspect of presentation days has proven to be one of the most popular and effective portions of each day.

- **Junior analyst mentoring** – Junior BAN analysts begin shadowing senior analysts upon acceptance into the program each fall. Beginning each spring, junior analysts begin performing formal functions such as investment research, case study analysis and discussion, and presentation day preparation. Senior analysts are responsible for maintaining and refining the analyst mentoring process. For instance, initially, junior analysts did not generally participate publicly in presentation day in front of Baylor Angel investors; however, junior analysts will now regularly introduce CEOs publicly, brief or debrief deals, or perform Q&A with angel investors in the spring's second presentation day. Senior analysts are responsible for this mentoring, which provides experiential learning opportunities for these students.
- **BAN student analyst identification and selection** – Each fall, exemplary Junior students from the Hankamer School of Business and across campus apply and are selected to serve as BAN student analysts in a highly competitive interview process. Under the guidance of the BAN director, the current senior analysts conduct all aspects of the recruitment, interview, and selection process. The selection process is highly competitive, and includes marketing to 16,000 undergraduate students, resume collection and analysis, writing sample collection and analysis, transcript review, behavioral interviews, case interviews, and reference checks. An example of the strategic marketing used with BAN can be found in the video linked here and in **Appendix 2**: <https://youtu.be/UoBf8WZeq6w> While dozens of top students apply for the opportunity, an average of seven new analysts are chosen each year. Managing the selection process provides another unique experiential learning opportunity for the senior BAN analysts to interview and “hire” a full team prior to graduation.

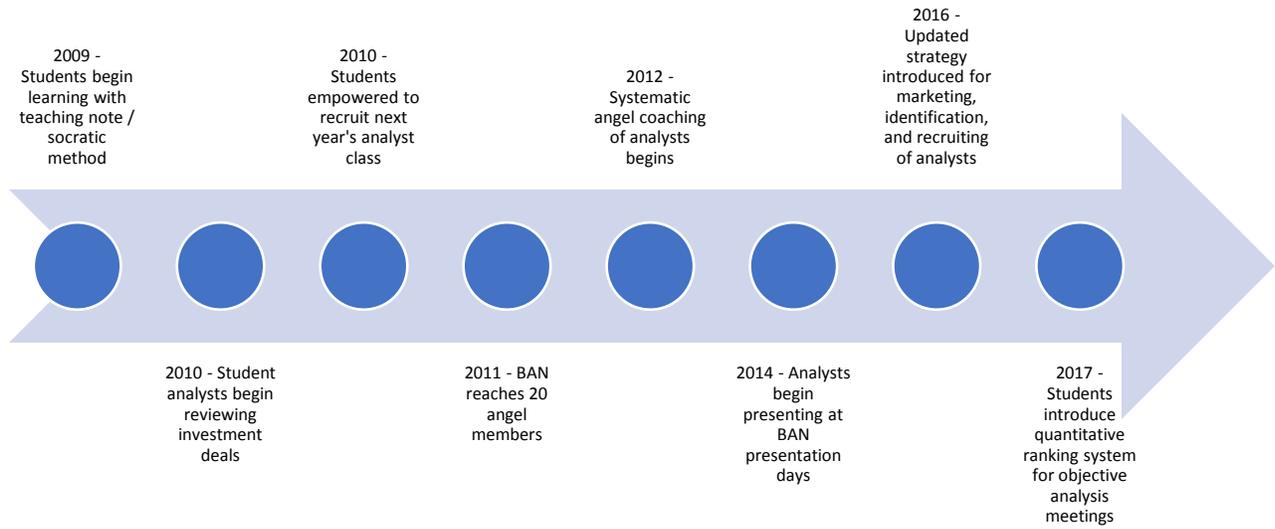
BAN Analyst program impact

While BAN has contributed significantly to alumni, staff, and administration engagement with the Hankamer School of Business and the Baylor Entrepreneurship Department, arguably its greatest positive transformation has been among the BAN student analysts. Students serving as BAN analysts receive a real-life education concerning the inner workings of new venture growth and angel investing. The BAN analyst program provides an excellent opportunity for students to gain real-world experience and enhance their resumes.

Employers have remarked that they count this experience as the equivalent of work experience when considering and interviewing BAN analysts for full-time jobs. Evidence of this perspective can be seen in the premier firms at which BAN analysts join upon graduation (see **Appendix 3** for representative companies hiring BAN analysts). Of the nine graduating BAN analysts in 2018, two entered strategic management consulting, two entered investment banking, two were hired at buy-side capital management firms (typically coveted and rare roles for recent university graduates), one was recruited by the Wal-Mart CFO's office, one was hired by a corporate valuation advisory business, and one began a PhD program at Rice University.

While this is impressive anecdotal evidence that the BAN analyst program experience has a positive impact on student analysts' futures, even better evidence emerges from analysis of the post-graduation salaries of BAN analysts relative to their peers. Since 2015, graduates of the BAN Analyst program have reported average annual starting salaries of \$74,788. This figure is 43% higher than the 2017 average starting salary for Baylor BBA graduates of \$52,300 (Source: Baylor University); 76% higher than the 2015 average starting salary for all State of Texas bachelor graduates of \$42,499 (Source: Texas Higher Education Coordinating Board); and 17% higher than starting salaries of recent Harvard University graduates of \$64,180 (Source: PayScale, Inc).

Appendix 1 – Baylor Angel Network Student Analyst Program Timeline



Appendix 2 – Baylor Angel Network Marketing Video



<https://youtu.be/U0Bf8WZeq6w>

Appendix 3 – Baylor Angel Network Representative Firms Hiring Student Analysts

