Course Overview. This is the fifth year the course has been taught. Unlike many courses at Stern, this one is taught using the Socratic Method during three hour seminars and requires students to be comfortable with the following: speaking publicly; getting called on without warning by the professor to answer questions or participate in the discussion; and debating issues with their colleagues. There are no guest lecturers (in fact, there are no “lectures” at all). In this course students develop their ability to think about the strategic and financial issues facing the top executives of entertainment, media, and a select group of technology companies. The course is taught from the perspective of the Chief Executive Officer rather than the Chief Financial Officer, a banker, or analyst. The course materials include analyst reports, press clippings, information available on the company websites, and public filings.

Course Prerequisites. Although the course is not mathematically challenging (anyone who knows bond math and DCF analysis will be fine) the course is conceptually quite difficult, especially as it requires the student to apply option theory, the capital asset pricing model, notions of synergy, vertical and horizontal integration theory, and portfolio theory to the real work of running a large complex media enterprise. Therefore, this course is reserved exclusively to second year students who have already taken a basic corporate finance class and who are unafraid of algebra.

Grades. A student’s grade is determined by class attendance and participation (quality and quantity) and performance on the final exam. Each is 50% of the grade. There may also be an extra-credit midterm exam.

Fall 2005 Agenda:

11/10/05: IS PRINT DEAD?

11/17/05: REQUIEM FOR MUSIC?
Students will review the outlook for as well as understand the economics of the music business using Warner Music and EMI as case studies.
12/01/05: EVERYTHING IS VISUAL
Students will compare and contrast the film, television production, and video business using Dreamworks and MGM as examples, with particular emphasis on understanding how value is created.

12/08/05: THREE WAYS TO GET YOUR CONTENT
Students will compare and contrast the economics of broadcasting, cable distribution, and satellite distribution as well as discuss the strategic choices and challenges facing each one using Clear Channel, Sirius Satellite, and Cox as examples.

12/15/05: IF IT LOOKS LIKE A DUCK, AND QUACKS LIKE A DUCK... 
Students will examine the economics and outlook for Yahoo, Google, and eBay as well as compare and contrast these companies to traditional media companies.

12/22/05: BUT MY BANKER TOLD ME THERE WOULD BE SYNERGY... 
Students will learn what synergies exist from horizontal integration by studying Time Warner and the Walt Disney Company.

ABOUT THE PROFESSOR:

Tad Smith is Executive Vice President of Reed Business Information (RBI), the United States division of Reed Elsevier Group plc. Based in New York City, Tad reports to the CEO of RBI, is a member of the Executive Management Committee, and is both President of the Media Division and Chief Executive Officer of Reed Construction Data Group.

Tad arrived at RBI in 2000, when it was called Cahners, as President of its Internet operations. Late in 2000 he was promoted to President of the Media Division, with overall business and editorial responsibility for print and electronic franchises including Variety, Daily Variety, Video Business, Publishers Weekly, Broadcasting & Cable, Multichannel News, TWICE and many others including Marketcast, the entertainment research company. In late 2002, the retail group was added to his portfolio, including such franchises as JCK, Interior Design, and Home Textiles Today among others.

With added responsibility over RBI’s electronic and corporate licensing initiatives, in 2003 and 2004, Tad and his team negotiated and concluded a strategic relationship with Google to accelerate RBI’s web revenue growth, as well as a joint venture with International Data Group and the government of China to launch multiple magazines (including Variety) in local language editions for that country.
While leading the Media Division, each of the company’s most famous brands have been redesigned and refreshed, and new products launched such as the consumer magazine *VLife* and the video magazine *DVD Exclusive*. The Division’s franchises also boosted their electronic revenue through broadband television products and new career sites, and broke historical revenue targets and profit margins. Moreover, despite the most severe recession in trade magazine history, his franchises remained the market share leaders (if not the very “bibles”) of their industries, and employee morale, as measured by employee surveys, remained high and even improved. In 2004, the CEO of Reed Elsevier, Crispin Davis, recognized Tad’s contributions with the prestigious “Passion for Winning Award” at the annual executive retreat. In 2005, Tad was promoted to his current position where he was given additional leadership responsibility for Reed Construction Data, a leading construction information company.

In addition to his “day job,” Tad is an Adjunct Associate Professor at the Stern School of Business at New York University, where he created and teaches the highly rated corporate finance and strategy course on entertainment, media, and technology companies. His prior employers include Starwood Hotels, BMG Entertainment, and McKinsey & Company. He is on the advisory board of Washington DC’s Center for Strategic and International Studies, for which he is the organizer of the New York Roundtable on security and international affairs, as well as a director of The Creative Coalition in New York City. He is a member of the Young President’s Organization, the Economic Club of New York City, and the Harvard Business School Club of Greater New York.

He received his MBA from Harvard University, where he was a George F. Baker Scholar and a Horace W. Goldsmith Fellow, and his BA from Princeton University’s Woodrow Wilson School of Public and International Affairs, where he received the R.W. van de Velde Prize.