



Tuck Participates in Launch of the African Entrepreneurship Platform

A drumbeat of economic development has been sounding consistently across the African continent over the last several years. According to Goldman Sachs' *Global Economics Weekly*, increasing political and macroeconomic stability, a commodities boom, and renewed confidence in the economic outlook of the continent have largely driven impressive average GDP growth of about 6 percent in recent years. This growth cuts across regional groupings, with western and southern Africa leading the pack. African and some American businesses have scored significant successes in this new renaissance of Afrocentric business. Yet this renaissance is taking place largely unnoticed among most American investors. To help address this information gap, on March 28, 2008, the African Entrepreneurship Platform (AEP) was launched at the Harvard Club of New York City under the auspices of the South African Chamber of Commerce in America (SACCA). The AEP, slated to meet every three months, is a broad-based platform that seeks to develop stronger transatlantic ties focused on job creation and sustainable development.

As part of efforts to broaden its appeal, the AEP has pioneered the establishment of an MBA alliance of the major U.S. colleges and universities that have Afrocentric business clubs or agendas. The purpose of the alliance is to help upcoming graduates understand the opportunities for business in and with



D.H. Caranda-Martin, founder and CEO of Caranda Fine Foods, a manufacturer of African teas, speaks at the launch of the African Entrepreneurship Platform.

Africa and to encourage them to form meaningful business networks that will help them achieve their entrepreneurial goals. As a member of the MBA alliance, Tuck sent two representatives, sponsored by the Center for International Business, to participate in the launch of the AEP.

The AEP platform has a unique thematic approach to information dissemination and networking, with a main program characterized by an exciting rapid-fire format of short (five to eight minutes) presentations that help to captivate the audience. Two 30-minute networking sessions sandwich the main program, affording attendants the opportunity to interact with several successful established, as well as emerging, African and American entrepreneurs with operations in Africa, as well as to sample products on display.

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TAABA

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MISSION:

The Tuck African Ancestry Business Association (TAABA) is committed to enriching the value of the greater Tuck community by increasing the diversity of people, ideas, and activities.

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FOR MORE INFORMATION
about TAABA, our initiatives,
and current members, please
visit our website at
<http://mba.tuck.dartmouth.edu/pages/clubs/tabab/>.

Calendar

Consortium Orientation Program,
June 12–15, Dallas, Tex.
2008 Tuck Diversity Conference,
November 13–16, Tuck School

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After a welcome from South African Consul General Fikile Magubane and New York Mayor Michael Bloomberg, the event opened to a preview of *African Investment Horizons*, a film by award-winning BBC documentary producer Carol Pineau. The movie, which follows up Pineau's much-acclaimed 2005 documentary *Africa Open for Business*, focuses on the superior returns that many businesses operating in Africa have obtained. Among the entrepreneurs who shared their stories were David J.P. Meachin, chairman and CEO of Cross Border Enterprises, a New York-based international investment bank; Selena Cuffe, president and CEO of Heritage Link Brands, LLC, a leading advocate in bringing African wines to the United States; and D.H. Caranda-Martin, founder and CEO of Caranda Fine Foods, a class-leading portfolio of products using the finest teas, coffees, and cacao beans across Africa. Also showcased were South Africa-based JGH's web content management system, known as "Ice Cream" (which SACCA used to design its own website), and Acqumine, another South Africa-based company that uses proprietary performance-enhancing software, specifically to improve mining operation efficiency.

The AEP launch seeks to spread awareness of and encourage the rising sun of business opportunities in Africa. Too often, the hope for the sustainable economic transformation on the African continent has flattered to deceive, with deep internal and external vested interests fighting to keep the status quo of opaque government unfair trade and wealth distribution. If this current renaissance truly heralds the beginning of something sustainable, then it must find a critical mass of acceptance and momentum both within and without Africa. Efforts like the AEP are crucial in helping to sustain this new dawn in African business.

—by Papa J. Sekyiamah T'09, head Tuck Africa ambassador

Dear Reader,

TAABA is pleased to reestablish the circulation of the *TAABA Newsletter*. We hope this newsletter, as with past newsletters, will serve as an important touch point between TAABA and all who have supported the mission of TAABA in one way or another. We acknowledge the efforts of previous TAABA members, alumni, and the MBA Program Office in helping to re-start the newsletter, and we intend the latest effort to be a sustainable one. The *TAABA Newsletter* is slated to come out in the spring, fall, and winter terms. We hope you enjoy the articles and look forward to your continued support in the coming academic year.

—TAABA Newsletter Committee

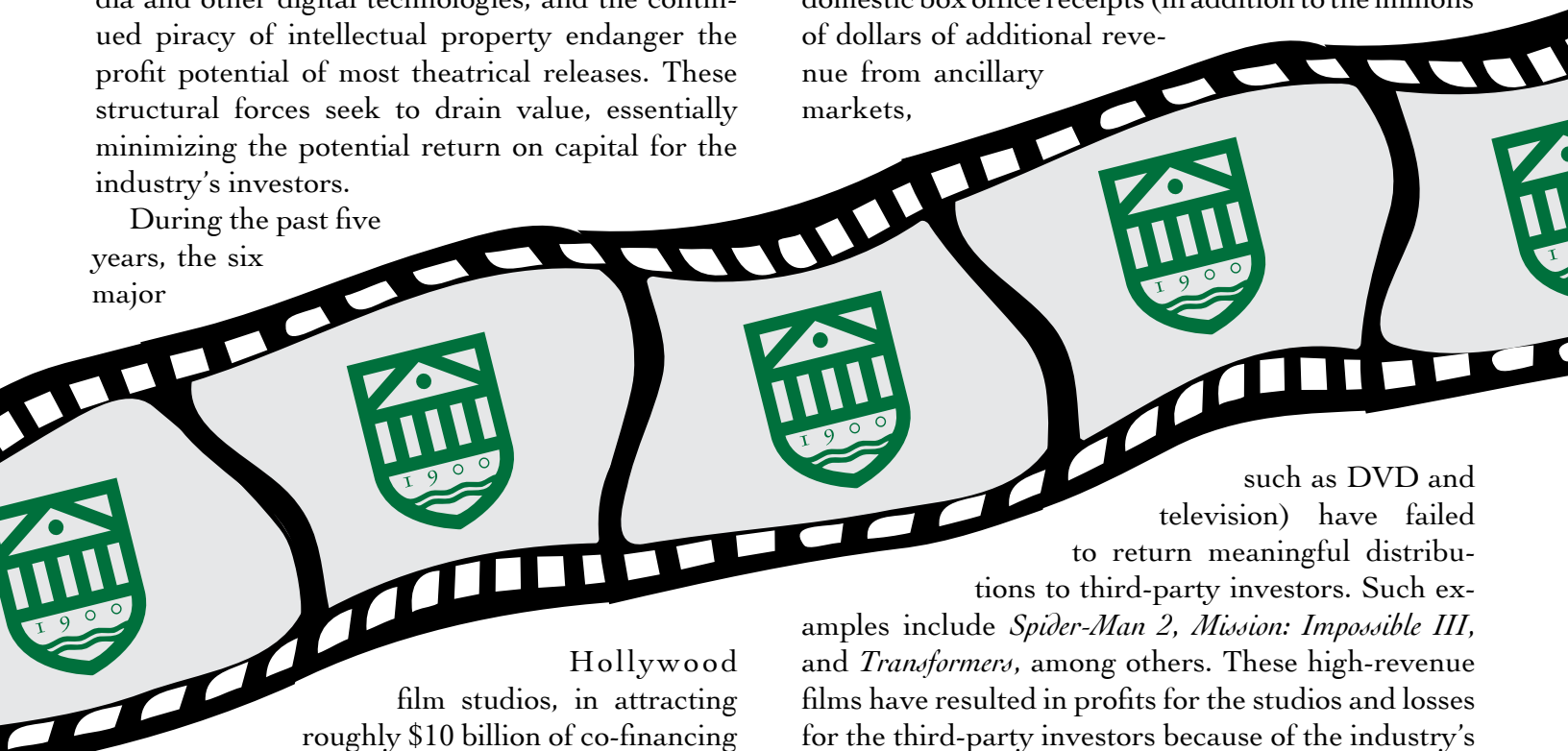
A Treatise on Motion Picture Financing

In 1999, an *Economist* article noted that “America is to entertainment what South Africa is to gold and Saudi Arabia is to oil.” Entertainment is our staple. Americans love to entertain and be entertained. The U.S. filmed entertainment and media industry is one of the U.S.’s largest exporters of intellectual property and cultural influence, generating approximately \$100 billion in annual revenues. However, all is not well within the industry, as structural forces mandate that the industry’s producers and studio executives continually rethink their business. Escalating domestic negatives (costs of production), the rising presence of Internet media and other digital technologies, and the continued piracy of intellectual property endanger the profit potential of most theatrical releases. These structural forces seek to drain value, essentially minimizing the potential return on capital for the industry’s investors.

During the past five years, the six major

them to build intellectual property content libraries at little risk and attractive financing rates, as many transactions are off balance sheet.

However, this value realized by the studios has come at the expense of third-party investors. Hedge-fund managers in particular have stated that the diversification benefits associated with film financing motivated their initial investments into the industry, since the expected return on film investments have zero correlation with the overall market. Nonetheless, diversification benefits are countervailed by a slew of outright losses on their investments. Notable theatrical releases that have generated over \$100 million in domestic box office receipts (in addition to the millions of dollars of additional revenue from ancillary markets,



Hollywood film studios, in attracting roughly \$10 billion of co-financing from hedge funds, private equity investors, investment banks, and other institutions, have effectively reduced their financial risk while simultaneously increasing their return on capital, all the while returning nominal, if any, distributions to the co-financiers. This in itself is an anomaly, according to the basic tenet of corporate finance, which asserts that a reduction in financial risk should be accompanied by a depressed expected return on capital. In addition, the studios benefit from a reduced need for funding requirements, allowing

such as DVD and television) have failed to return meaningful distributions to third-party investors. Such examples include *Spider-Man 2*, *Mission: Impossible III*, and *Transformers*, among others. These high-revenue films have resulted in profits for the studios and losses for the third-party investors because of the industry’s convoluted profit participation accounting standards, which inherently favor producers and studio executives over third-party investors.

Another structural force on the industry is the current tightening of the credit market, which, in combination with less-than-favorable third-party return on film investments, will undoubtedly curb some of the record flow of capital from third-party investors.

—by Anthony Smith III T’09, co-chair of the Tuck Entertainment, Sports & Media Club

TAABA's Rising Star

On January 21, 2008, Grace-Anne Wood, a member of TAABA and part of the Tuck class of 2009, represented Tuck on a segment called "Rising Stock Stars" on *Fox Business News*. The segment was well received by viewers and helped highlight some of the great events that are happening among students at Tuck this year. Jonathan Murrell T'09 recently talked with Grace about her experience.



Image courtesy of Fox Business News

JM: *Thank you for meeting with me today to discuss your first-year experience at Tuck, Grace. Why don't we start with the formative experiences from your childhood that influenced you to pursue a career in finance.*

GW: Sure. While growing up in a suburb of Toronto, Canada, I was blessed with the opportunity to participate in Junior Achievement. I think I was about 10 years old. This organization teaches kids about finance and economics via a creative curriculum, which is taught by volunteer role models from various business professions. During one session, two volunteers came to my class to talk about the stock market, and I've been hooked on the market ever since. I continued to follow the market as I grew older and then decided to learn more about careers in finance while studying at Clark Atlanta University.

JM: *What did you do after graduating from Clark?*

GW: I first worked at the New York Stock Exchange [NYSE] as a trading surveillance analyst. Then I worked at Lehman Brothers in a compliance role.

JM: *What brought you to Tuck?*

GW: I started investing for my own account after graduating from Clark and, through those experiences and with additional exposure to financial services after working at the NYSE and Lehman, I decided that I would like to invest as a part of my career. Tuck's collaborative and close-knit community and proximity to several major mutual funds in Boston made the school an excellent choice.



JM: *Why were you interviewed by Fox Business News?*

GW: *Fox* wanted to do a segment here at Tuck, and I jumped at the chance to participate.

JM: *What did you discuss during your interview?*

GW: I talked about my experiences at Tuck so far and I offered a few stock recommendations; one of them was J. Crew. I like this stock. The company is continuing to grow, it has improving margins, and I think it's been oversold on concerns of weakness in the retail sector. Therefore, I believe it's trading at a discount and the time to buy is now. I also discussed my participation with the Investment Club here at Tuck and the performance of the student-run Tuck Fund.

TAABA members (L-R). Front row: Darius Matthews T'09, Papa J. Sekyiamah T'09, Adesuwa Ighile T'09, Rena Harper T'09. Second row: Ferdinand N. Che T'08, Nykia Wright T'09, Denitresse Burns T'09, Ludwig Reimmer T'09, Grace-Anne Wood T'09. Third row: David Hill T'08, Omar I. Kariuki T'08, Michael Wilson T'08, Anthony Smith III T'09. Back row: Jason Bradfield T'09, Jonathan Murrell T'09, Edward Pena T'09, Desmond Nation T'09, David Gaither T'09, Fredrick McPherson T'09

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The Tuck Experience

While the black student population at rival business schools may comprise as many as 40 or 50 students in a graduating class, the Tuck MBA class of 2008 only has 4: Ferdinand N. Che, Michael Wilson, David Hill, and Omar I. Kariuki. That's just 4 students in a class of approximately 240. Although Tuck tends to have a much smaller black student population than its business school peers, this class's population was particularly small. We, the TAABA members of the Tuck class of 2009 (a class of 15 black students), sat with Ferdinand, Mike, David, and Omar to talk about their two years at Tuck and to answer the question, what was your Tuck experience really like?

"My happiest days at Tuck were the early days here," said Ferdinand, who moved to Hanover from London, England, with his family. "One thing I wanted to do at business school was to get to know people—submerge myself in this American culture and contribute to the community. I was shocked at how quickly I was able to do that through Tuck Builds [a community outreach program that allows Tuck students to contribute toward building a home for members of the Upper Valley community]."

Mike, the resident Tuck comedian, reminisced about his first time performing at The Frosty Jester,

the Tuck amateur comedy night that occurs twice a year. When asked if he was nervous, Mike responded, "Not really nervous. I was pulling my hair out over fall semester A and B. I just appreciated the release!"

David, arguably one of the most beloved individuals on campus, is usually all smiles. "The lifestyle here is great. I wish I didn't have to leave!" David claimed co-chairing the 2007 Tuck Diversity Conference was one of his happiest moments at Tuck. He explained that Tuck's inclusive culture—often referred to as "Tuck Love"—is what ultimately sold him on Tuck when he visited the school for the 2005 Diversity Conference as a prospective student. He was happy to contribute to that experience for prospective students who attended last year's conference.

But the experience in Hanover has not been all "Tuck Love" for these four. Their experiences did come with some challenges. Mike's fall A and B challenges were not academic but social. "There weren't a lot of people who were like me and enjoyed talking about what I liked to talk about." This made for an uncomfortable experience at times for Mike, who wished for a larger network so he could sometimes "just be black."

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TAABA class of 2008 (L-R): David Hill interned with Nolej Studios last summer and will pursue a career in strategic planning in advertising. Ferdinand N. Che worked with British Telecommunications Group plc last summer and will pursue a career in business development. Omar I. Kariuki will pursue a career in fixed income sales and trading and will work at UBS Investment Bank upon graduation. Michael Wilson interned with SIVIC Real Estate, L.L.C., and Philadelphia Industrial Development Corporation last summer and will pursue a career in real estate development.

TAABA's Rising Star

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JM: *As we approach the end of your first year at Tuck, what are your plans for the summer?*

GW: This summer, I will be interning at Fidelity Investments in equity research. I will be given an industry and asked to do in-depth research to make buy, sell, and hold recommendations on the stocks within that industry. As a part of this process, I will interview senior executives from firms in the industry and complete earnings forecasts. The summer will conclude with a presentation to a large group of money managers at Fidelity.

JM: *This sounds like an incredible experience. What are your goals for next school year?*

GW: I am honored to have been selected to co-chair the Tuck Investment Club next year. One of my goals for next semester is to hold sessions where the Investment Club will teach our classmates about how to invest personally.

JM: *Grace, congratulations on a successful first year at Tuck. I look forward to seeing your rising star shine for years to come.*

GW: Thanks, Jon!

If you would like to watch the interview in its entirety, please visit the TAABA site at <http://mba.tuck.dartmouth.edu/pages/clubs/tabaa/index.htm>.

The Tuck Experience

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Ferdinand experienced challenges of a different kind. "As an African, I had cultural norms that were different from those of my American peers." Born and raised in Cameroon, Ferdinand is the only African in the 2008 class. This cultural difference made some already challenging tasks, like recruiting, more stressful. "At times, it was difficult to go through this without an African community that I could access for support," he said.

As a single parent, Omar was particularly challenged with balancing Tuck's heavy workload while caring for his daughter, Autumn. Omar was not only a Tuck student, but also a dad, friend, chauffeur, and tutor to Autumn, who, like her father, also had to adjust to the Upper Valley community to attend school. "To do well, I had to work extra hard," said Omar. "I couldn't just tell my study group, 'I didn't complete the assignment because I had to cook dinner for my daughter.' That just wasn't acceptable."

When asked what advice they would give to the incoming Tuck/TAABA class of 2010, words of wisdom from the four men were consistent: Get out of your box. Open your mind. Jump into the Tuck culture. To get the most out of the Tuck experience, they warn the incoming class not to enter Tuck with any stereotypes or judgments that would prevent them from forming relationships with their classmates. David recognized this early in his experience at Tuck. "People are more like you than you think," he said, "and they are genuinely interested in your perspective."

And that, after all, is what business school is all about, right? Growing and becoming a well-rounded individual so you can better serve when you reenter the business world.

Omar's experience particularly characterizes what is truly special about the Tuck experience. Omar says being a student at Tuck is like having "won the lottery," and he feels blessed to have had the opportunity to attend Tuck, especially after growing up in the projects in the Bronx. But when asked for his most "unique" Tuck experience, he responds without hesitation: "Meeting my wife." There are arguably few experiences more significant than meeting the person with whom you expect to spend the rest of your life. Thus, Omar's most unique Tuck experience confirms the sentiment of David, Ferdinand, and Mike: Tuck is truly a special place. The four will graduate from the Tuck School this June with treasured memories that will last them a lifetime.

—by Grace-Anne Wood T'09, co-chair of the Tuck Investment Club