Qingchong (Mark) Zhang

Department of Finance
Kellogg School of Management
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March 5, 2012

Prof. Thomas Hellmann
University of British Columbia
Sauder School of Business
2053 Main Mall, Vancouver, BC,
Canada V6T 1Z2

Dear Prof. Hellmann:

My name is Mark Zhang, and I am a second-year finance Ph.D. student at the Kellogg School of Management. I would like to apply for the admission to the 5th Entrepreneurship Research Boot Camp. Prof. Paola Sapienza has recommended the program to me. After learning the details of the program and discussing it with an ERBC alum, Vineet Bhagwat, I have decided that attending the program would be an immensely valuable experience to me.

I have enclosed below a Curriculum Vitae together with a list of all current and completed PhD courses, a personal statement that discusses my motivations to attend the boot camp as well as my current and future research direction. Prof. Paola Sapienza will write the letter of recommendation for me, and you shall receive it shortly if you have not already received it.

Thank you for your time and consideration.

Sincerely yours,



Qingchong (Mark) Zhang

encl: CV, Personal Statement

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Paola Sapienza
Merrill Lynch Capital Markets Research Professor of Finance

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NORTHWESTERN UNIVERSITY

March 27, 2012

Thomas Hellman
B.I. Ghert Family Foundation Professor in Finance and Policy
Sauder School of Business
University of British Columbia
2053 Main Mall, Vancouver, BC, V6T 1Z2

Dear Thomas,

I hope this letter finds you well. I am writing to you to recommend Qingchong (Mark) Zhang, who would like to attend the NBER Entrepreneurship Research Boot Camp this year.

I have known Mark since last year, when he joined the Ph.D. program at Northwestern. However, I started interacting with him on a regular basis, since this fall when he took my Ph.D. corporate finance class. As part of that class, students have to write a paper proposal. Mark wrote one related to the venture capital industry. Since then, because I believed the project has merits, I have been advising him on how to transform this proposal into a "second year paper." Mark is extremely interested in this topic and I believe he is the ideal candidate to attend the Boot Camp. As you know, most Ph.D. programs do not have a class on venture capital and we are no exception. I teach a couple of important papers in my corporate finance class and Mark has been quite entrepreneurial in learning many of the institutional aspects and about the data on his own with my guidance. But, what he could learn at the Boot Camp will help him tremendously. I believe he will probably continue to work in this area for his thesis and I am excited that he has this opportunity. Mark is about to finish his classes at the end of the spring and this is the best time for going to the Camp.

I strongly recommend Mark: he is smart, pleasant, and he will bring his strong interests to the camp, possibly providing externalities for other students. He is still at the beginning of his life as researcher and, as many students at this stage, has to fully develop an understanding of what is a good topic to research. But, given his stage, he has been particularly eager to understand the difference between a good paper and a so-so one. And, his strong interest in VC will help him making the best out of the class.

Please do not hesitate to contact me if you have any further questions.

Best,
Paola Sapienza



Qingchong (Mark) Zhang

Contact Information

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Personal Information

Citizenship: China, US Permanent Resident
Languages: English (fluent), Mandarin Chinese (native)

Research Interests

Entrepreneurship and venture capital, private equity, corporate finance

Education

Kellogg School of Management, Northwestern University, Evanston, Illinois, USA

Ph.D. Candidate in Finance, 2015 (expected)

Lehigh University, Bethlehem, Pennsylvania, USA

B.S. in Finance, August 2006, Highest Honors
B.A. in Mathematics and Economics, January 2006, Highest Honors

Honors and Awards

Doctoral Fellowship, Kellogg School of Management, Northwestern University, 2010-present

James C. Hickman Scholarship, Society of Actuaries, 2010-present

President's Scholarship, Lehigh University, 2006

Lehigh Grants, Lehigh University, 2002-2005

Research Papers

"Catering in Venture Capital Industry", work in progress.
I study the correlation between venture capital investments and investor sentiments in the public market, and try to explain it using the concept of catering in behavioral corporate finance. "catering" means catering to short-term investor demands via particular investment projects or otherwise packaging the firm and its securities in a way that maximizes appeal to investors. In the spirit of the "catering" framework, we can use investor sentiment as a proxy for mispricing of firms, industries, or even the aggregate market. I conjecture that venture capital firms cater to investor sentiment would invest in the "hot" sectors with high short-term valuations, even these investments do not maximize returns in the long run. While venture capital firms are usually not public equity firms and thus do not need to boost share prices, they still have the incentives to boost the valuation of their assets above fundamental value. High levels of investment in the sectors with high investor sentiments can boost a venture capital firm's reputation and the valuation of its portfolio firms, making it easier for the VC firm to raise additional funds and the firm managers are likely to reap significant monetary rewards at the same time. Therefore, it is likely that investor sentiment affects venture capital firms' investment decisions.

Research Assistance

Prof. Joshua Rauh, September 2011 - present

Teaching Assistance

MBA/Executive MBA:
Real Estate FinanceInvestments
Prof. Craig Furfine (Winter 2012)

Finance I
Profs. Camelia Kuhnen and Anamaria Pieschacon (Fall 2011)

Professional Affiliations	**Associate of the Society of Actuaries**, 2008-present
Professional Experience	**Buck Consultants**, Secaucus, New Jersey, USA Actuarial Consultant, August 2006 - August 2010 Lead junior level actuaries in routine and special actuarial consulting work for single-employer DB plans.
Computer Skills	Statistical Packages: MATLAB, R, SAS, STATA. Applications: LaTeX, common Windows database, spreadsheet, and presentation software Operating Systems: Unix, Windows.
Current and Completed Ph.D. Courses	ECON 410-1: Microeconomics I ECON 410-2: Microeconomics II ECON 410-3: Microeconomics III ECON 411-1: Macroeconomics I ECON 411-2: Macroeconomics II MECS 465-1: Contract Theory Mechanism Design IEMS 473-1: Financial Engineering I MKTG 476-0: Intro Applied Econometrics I MECS 477-0: Intro Applied Econometrics II FINC 485-0: Asset Pricing Theory I FINC 486-0: Corporate Finance Theory FINC 487-0: Asset Pricing Theory II FINC 488-0: Empirical Asset Pricing FINC 489-0: Empirical Corporate Finance FINC 520-1: Seminar in Finance - Time Series Analysis

Personal Statement

Qingchong (Mark) Zhang

Current and Future Research Direction

Venture capital (VC) has developed into an important intermediary in the financial markets, and my current research has a focus on the form and function of the VC financing. In my current research project, "Catering in Venture Capital Industry", I study the correlation between VC investments and investor sentiments in the public market, and try to explain it using the concept of catering in behavioral corporate finance. "Catering" means catering to short-term investor demands via particular investment projects or otherwise packaging the firm and its securities in a way that maximizes appeal to investors. In the spirit of the "catering" framework, we can use investor sentiments as a proxy for mispricing of firms, industries, or even the aggregate market. I conjecture that, to cater to investor sentiments, VC firms would invest in the "hot" sectors with high short-term valuations, even these investments do not maximize returns in the long run. While VC firms are usually not public equity firms and thus do not need to boost share prices, they still have the incentives to boost the valuation of their assets above fundamental value. High levels of investment in the sectors with high investor sentiments can boost a VC firm's reputation and the valuation of its portfolio firms, making it easier for the VC firm to raise additional funds and the firm managers are likely to reap significant monetary rewards at the same time. Therefore, it is likely that investor sentiments affect VC firms' investment decisions.

I intend to direct my future research toward cross-border VC investments. One research area I would like to investigate is the "network" effects in cross-border VC investments. Specifically, I plan to study the role of educational connection among the managers of VC firms, as well as between the managers of VC firms and the entrepreneurs, in cross-border VC investments. A re-

cent working paper of an ERBC alum shows, in the context of U.S. VC industry, VC firms are more likely to syndicate an investment together if their managers share an educational connection (Bhagwat, 2011). Additionally, investments syndicated by VC firms whose managers share educational connections are more likely to receive follow-on funding, more likely to achieve IPO exit, and have a shorter time to IPO. Bhagwat argues that this empirical finding is due to the fact that the educational connections between managers of VC firms can alleviate the search frictions and coordination costs experienced by the firms when seeking to form economic ties with other organizations. I conjecture the search frictions and coordination costs are even more pervasive in cross-border VC investments. Additionally, educational connections between the VC firm managers and the target firm managers may also influence a VC firm's commitment to portfolio firms in international settings. Therefore, the "network" effects should be amplified in this international context.

Motivations to attend the boot camp

Given my research interests, attending the ERBC would be tremendously valuable to me. In particular, the sessions on venture capital financing and sociological approaches to entrepreneurship have direct relevance to my research. Although my current research interests evolved from isolated empirical observations, I believe the essential first step in developing research ideas is to systematically explore the complete spectrum of entrepreneurship. After that, I can then narrow down the field and identify research gaps. Following this approach will ensure that I do not miss any opportunities for promising research just because I am not aware of the full range of chances for developing meaningful research. ERBC is the perfect place for me to get a thorough treatment of the "state of the art" in entrepreneur research. Last but not least, ERBC will provide me with the opportunity to meet and talk about research with other colleagues who are just as excited as me about the area of entrepreneurship.