Application for NBER Entrepreneurship Research Boot Camp

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Recommendation Letter Writer:
Josh Lerner
Jacob H. Schiff Professor of Investment Banking
Harvard Business School
Email: josh@hbs.edu

Dear Brett,

I am writing regarding three applicants from Harvard to the NBER Entrepreneurship Boot Camp.

Traditionally, we have had a somewhat lower bar for applicants from the Boston area, since they are low (or no) cost to the program, as opposed to those who need travel and lodging. This year we have three applicants from Harvard. Two of them seem quite strong and well over the bar; the third poses a few questions which we can discuss on the call when we confer about the applicants.

Lilei Xu seems like an excellent fit as a candidate. She has been working with Victoria Ivashina and I on a project on private equity co/direct investments, and has also taken our class on Theoretical and Empirical Perspectives on Entrepreneurship. In both these contexts, I have been very impressed with her maturity and analytic abilities. Her interests revolve around venture capital and entrepreneurial finance. I am optimistic that she will prove to be an excellent entrepreneurship finance researcher following the lead of Rick Townsend and Shai Bernstein, two recent very successful graduates of our PhD programs.

Yao Zhen differs from our classic applicant to the boot camp, but is quite intriguing, Yao is in the Harvard Economics Department and is focusing on the topic of theoretical asset pricing, but is very interested in incorporating perspectives entrepreneurship into these models: for instance, how the risks associated with individual actors taking uncertain actions in the real economy will be priced into the returns that investors demand. Yao took Theoretical and Empirical Perspectives on Entrepreneurship this spring and was an extremely active and thoughtful participant. Thus, I am confident that even though this may not reflect the profile of the typical applicant to the boot camp, Yao will be an active participant and benefit considerable from taking part in the seminar series.

The more challenging case is Filippo Mezzanotti. He has been one of my advisees in the Harvard Business Economics program, and seems very interested in entrepreneurship as a research area. He will be working as a research assistant for a project with Shai Bernstein and myself this summer on a project on private equity and the great recession, and has worked previously as a research assistant for Paula Sapienza and Luigi Zingales. But he is a first-year doctoral student at the moment without a well-defined research agenda. I know that the admissions committee has often felt that delaying participation until after oral exams (i.e., second year) is frequently desirable. I will look forward to discussing his case on our call.

I hope these comments are of use.

Best wishes,

Josh

Josh Lerner
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Lilei Xu

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Education

Harvard University **Cambridge, MA**

Ph.D. Candidate in Economics (September 2010 – Present)

Classes: Industrial Organization (I,II), Corporate Finance, Entrepreneurship, Labor Economics, Econometrics, Development Economics, Public Economics, Political Economics.

Fields of Interest: Innovation and entrepreneurship

Massachusetts Institute of Technology (MIT) **Cambridge, MA**

Bachelor of Science in Mathematics and Bachelor of Science in Economics (August 2007 - June 2010).

Tsinghua University **Beijing, China**

Candidate for Bachelor of Science in Economics and Management (August 2006 – July 2007).

Awards

Gold Medal and Best Women Participant, the 7th Asian Physics Olympiad 2006

Gold Medal and Best Women Participant, the 21st Chinese National Physics Competition 2005

Research Experience

Harvard Business School **Cambridge, MA**

Supervisor: Josh Lerner and Victoria Ivashina

Assess the performance of institutional investors' direct investment and co-investment of private equity deals and compare it to market benchmarks. Investigate the sources for over/under performance of direct investment. (Jan. 2012 – present)

Harvard Business School **Cambridge, MA**

Supervisor: Shawn Cole

Investigated the impact of literacy training workshop on the financial behavior of gold miners in South Africa. Built dataset of comprehensive bank transactions of the miners. Contributed to the design of the evaluation framework and implemented preliminary analysis.

Coauthored a HBS case study on the development of micro-insurance industry in China. Interviewed the management team of China Life, the largest state-owned life insurance company in China. Conducted in depth research regarding the development of micro-insurance product offerings in China. (June 2011 – September 2011)

International Monetary Fund (IMF) **Washington, DC**
Supervisor: Deniz Igan and Stijn Claessens

Investigated the influence of deleveraging caused by the current crisis on real economy in developed countries. Built dataset of flow of funds, money, credit and banking, housing market, and real economic measurements for G7 countries. Designed framework and performed analysis on the impact of deleveraging in UK. Contributed to a note prepared for Mr. Blanchard, the Chief Economist of IMF. (June 2009 – August 2009)

Activities

Co-director, HCSSA Venture Club (September 2011 – Present)

Panel Leader, Harvard China Review, 2009

Skills

Fluency in English and Chinese

Java, Matlab, and Stata

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To Whom It May Concern:

My name is Lilei Xu and I am a second year Ph.D. candidate at Harvard Economics Department. My current fields are Entrepreneurial Finance and Industrial Organizations. I am writing to express my interests in the NBER Entrepreneurship Research Summer Boot Camp.

I transferred from Tsinghua University to MIT after the freshmen year. Surrounded by the greatest future engineers and scientists, I was fascinated by the excitements and determinations of my peers to innovate in order to combat the most pressing social and environmental problems and empower the world to achieve greater economic prosperity. They are not only inventors, but also practitioners – each year, the 100K Start-up Competition will attract hundreds of aspiring teams to participate and commercialize their ideas and technologies to change the world.

The societal enthusiasm to start your own business is no less across the Pacific Ocean in my home country – China. The role models of legendary Steve Jobs and grass-root entrepreneur Jack Ma inspire local college graduates and U.S. trained Ph.Ds alike to join force in the entrepreneurial army. Recognizing the importance of innovation on the sustaining growth and global competitiveness of the Chinese Economy, the central government has introduced numerous industrial policies to foster growth in high-tech industries. Industrial parks with modern infrastructure and preferential tax policies can be found in almost all densely populated cities.

At the same time, government's restrictions on private equity and venture capital were loosened, which attracted top international funds and spawned numerous local funds. With its tradition on "directing" the economical development of the country, both the central government and local government have engaged in direct venture capital activities, sometime combined with the construction of new high tech industrial parks.

However, are these venture capitalists adding value to the companies? Anecdotal evidence suggests that a lot of venture capital funds only focus on the late-stage ventures, where they simply contribute to the embellishment of the company financial statements

during the IPO preparations in order to earn some quick money. Direct government interventions also vary in quality. Promises are made easily but the monetary and other supports can be delayed for years. Can the government and venture capitalist be trusted to incubate the innovations pressingly needed by the country?

I would love to devote my Ph.D. studies to understand these important questions. I am involved in the class "Theoretical and empirical perspectives on Entrepreneurships" by Professor Josh Lerner and Williams Kerr. It is a great introductory course that exposes me to researches on various aspects of entrepreneurships. Compared to traditional economic fields, entrepreneurship is rather immature but bears great potential. It requires a lot of inter-disciplinary inputs from corporate finance, industrial organization, contract theory, labor and etc. I believe this summer boot camp will be greatly helpful to me to learn more about the cutting-edge researches in the field and better synthesize my previous knowledge from different fields to advance my future research.

Specifically, I would like to focus on international comparisons of entrepreneurships. I would like to study the legal and economic environment that is inductive to innovative economies and healthy venture capital industries. What lessons can we learn from direct government venture capital activities around the world? In addition, I am interested in the micro mechanisms that shape the reactions between venture capitalist and entrepreneurs. How does the contract incentivize both parties to put effort into the business? Is a liquid stock market essential to the contractual incentives? How do we explain the recent prosperity of the German Venture Capital Industries despite of lack of IPO exits in the region? These are all fascinating questions that I wish to dive into.

I have attached my CV for details of my qualification. Please do not hesitate to contact me if you have any questions or if I need to furnish you with additional documentation. Thank you for your time and consideration.

Sincerely,

Lilei Xu