

Bus 436 ENTREPRENEURSHIP AND NEW VENTURE MANAGEMENT
Fall 2010

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Office Hours: Tuesdays and Fridays 1:30 – 3:30 p.m.

Case Packet: <http://www.study.net>

Text: Kawasaki, Guy **The Art of the Start** Penguins Books, 2004

COURSE OBJECTIVES

This course is designed to endow you with an entrepreneurial perspective, enhance your ability to use functional knowledge in an applied setting, and familiarize you with the skills and resources necessary for starting a new venture. By the end of the class you will be able to:

- Identify trends and opportunities in the marketplace
- Formulate new venture ideas
- Construct a market analysis
- Present a competitive analysis of a specific industry
- Create a revenue model, forecast costs and demand, and assess potential profitability
- Understand how venture capital and valuation work
- Put together and present a business plan for a new venture
- Analyze ventures, both inside and outside of corporations

LEADERSHIP COMPETENCIES

The mission of the Goizueta BBA program is to help our students grow, intellectually, personally and professionally so that they feel enabled, empowered and motivated to make significant positive contributions to the organizations they serve and to society as a whole. The Goizueta leadership development model guides the program in identifying the competencies that BBA students most need to achieve these objectives.

In addition to the academic objectives of this course, Entrepreneurship will provide you with the opportunity to develop the following competencies:

- Creativity
- Dealing with Ambiguity
- Process management
- Time Management
- Managing Vision and Purpose
- Peer relationships

COURSE METHOD

This class is experientially-based and will require your active participation in simulating an entrepreneurial experience. The framework for learning will be the creation of a business plan for a new venture. Without replicating core classes, we will build upon them in detailing all the components involved in launching and running a start-up. You will work in teams, utilizing course packet and text readings, class discussions and case studies to supplement and inform your research. Like all actual ventures, the measure of your success will be directly correlated with the sophistication of your analysis and the depth of your investigation into the market and industry you intend to enter. As you develop this expertise, you will additionally serve as consultants for other teams.

The course is designed to be relevant, not only for those of you who plan to engage in entrepreneurial activities during your careers, but also for the many of you who will create a venture within the corporate environment or evaluate one for investment purposes. With this in mind, you will be responsible for identifying and analyzing a contemporary example of a specific new venture topic. During the semester, each of you will prepare one brief presentation that relates to the class material for that session. We will use these examples as a springboard for the day's discussion. Additionally, we will retain the flexibility to talk about issues as they arise in the construction of your plans and to explore broad-based themes such as effective leadership, corporate social responsibility, global access to venture opportunities, and environmental awareness.

REQUIREMENTS

The following documents will be submitted over the course semester. The majority of the work below relates directly to the preparation of the business plan and assures that groups stay on schedule and receive the feedback necessary for the completion of a successful project. I will also occasionally have you complete brief exercises in support of class material.

- **New Venture Ideas**

Three one-page write-ups, typed double-spaced. Each should include a statement of the idea, an identified need, the target market and a rough idea of how you would turn the concept into an actual revenue-producing business.

- **Project Decision**

A short write up describing your team's product or service, the user-need addressed, and the distinctive sustainable advantage. It will be helpful to include research findings and other considerations on which this decision was based. Additionally, please provide a list of team members and the roles you have tentatively assumed based on your individual expertise and interests.

- **Market, Industry and Competitive Analysis, and Statement of Strategic Intent**

- *A thorough analysis of the marketplace you will enter and a compelling outline of the conditions and trends that support entry*
- *A complete and detailed description of each of your target markets, demographic and psychographic characteristics, and the relationship of the product or service to the targets' needs and wants*
- *A separate summary of the industry, including identification of each major competitor or group of competitors, and a discussion of their strengths and weaknesses*
- *A statement of your distinctive competencies and strategic entry position*

- **Industry Interview**

A two page summary of a conversation with an expert on some aspect of the industry you wish to enter or business you plan to pursue. You should include categories discussed, insights received, and methods for incorporating this information into the attributes of your product or service, the way you market, or your operating processes.

- **Value Statement, Operations and Marketing Plan**
 - A mission statement and statement of core values
 - A step-by-step description of what must be accomplished in order for the business to become operational, starting with an outline of critical milestones with a timeline
 - A procedural analysis of the first five years of the venture, including organizational structure, necessary personnel, property, plant and equipment and/or technological infrastructure, processes and business activities
 - A marketing plan outlining the size, scope and type of promotional activities, sales efforts and advertising, including the specific approach for reaching each target market
- **Initial Financial Assumptions**

This is a first draft that will identify all critical factors and help you create your interrelated financial statements properly. Financial projections should be directly based on the operating plan. The initial projections should include:

 - Acknowledgement of your operations and marketing plan, with general costs attached to each required process and function
 - A written explanation of each demand and cost assumption on which your model relies
 - A preliminary assumptions worksheet that includes a model for forecasting demand and the corresponding revenue and cost projections. This includes demand assumptions assessment of type and rate of growth, a pricing strategy and identification of all variable, fixed, and mixed costs, linked to volume
 - A worksheet outlining start-up costs and necessary paid-in capital
 - **OPTIONAL:** A first draft of pro-forma financial statements for the first three months, linked to your assumptions
- **Oral presentations of Business Plan**

Each team will give an oral presentation of the proposed venture, comprised of a 15-20 minute presentation and a 5-10 minute question and answer period. You are encouraged to organize your comments as if you were presenting to potential investors and to make every effort to capture their confidence and imagination accordingly. The format should be a professional-level presentation that builds credibility and captures enthusiasm for your project. Your classmates will provide a portion of the weight for grading this component of your work; your TAs, other guests and I will provide the remainder of the grade.
- **The Business Plan or Deck**

The final project should include a written executive summary, as well as a comprehensive, polished, and expert analysis of your venture in printed, slide format. You may then submit EITHER a formal business plan OR slides used in your oral presentation, including any supplementary information, supporting layouts, designs, process flows, sales material or other collateral, and finally, documentation and citations of all relevant research findings. The final deck or plan should also include an electronic version of your financial projections.

 - **Financial Projections** (graded as part of final plan)

*A set of interrelated linked financial statements **spanning five years** and including:*

 - All assumptions, including basis for revenue and cost projections, demand summary, and all costs
 - A complete assessment of start-up costs
 - Detailed pro-forma financial statements:
 - Income statements by month for the first six months and by quarter thereafter*
 - Quarterly or annual balance sheets including start-up
 - Cash flow statements for the first 3- 6 months and by quarter thereafter*
 - Annualized summaries and appropriate charts and graphs

**It may be more logical to prepare annualized statements after the first 24 months*

- **Oral Reports**

You will work in pairs or groups of three to prepare one five-minute presentation during the semester on a current example that relates to the class topic assigned for that date. For example, if the discussion is slated to center around market analysis, you might prepare a report on a company or a brand that has been successful recently by understanding the needs of its market, like H&M. Or, you could choose a company that appears to have been less astute in matching product attributes to market needs, like Segway. Depending on the day's topic, you may wish to discuss new product entries in an industry, look at trends within the venture capital market, analyze a particularly successful (or failing) venture, or summarize an academic research article about entrepreneurs or new ventures. Your presentation should be limited to five-minutes, but you should be prepared with back-up material to inform the class discussion. Reports will be graded by your classmates based on relevancy of topic, depth of knowledge presented and quality of presentation

- **Case write-ups**

*There will be six assigned during the term. You may choose **three of these** and prepare a two-to-three page analysis in answer to a set of questions and based on your understanding of the course material up to that point. Each write-up will be reflective of your grasp of the reading assignments and class discussion and must be submitted prior to class. **There will be no credit for late submissions.***

EXAM

There will be one short answer in-class exam designed to assess the degree to which you are keeping up with the readings, participating in team decisions and actively engaging in class material.

TEAM FORMATION

Students will work in teams of four to six members. No teams of fewer than four members will be permitted. I strongly suggest that you choose teams based not on friendships but rather on mutual interest in a project or industry. You should evaluate your own strengths and select teammates who possess the diversity of skills necessary to create your business plan. Although you will be responsible for forming your own team, I reserve the right to add a team member if there are students in need of placement after team formation. Given that you will evaluate each other relative to the team grade, I encourage you to choose team members with whom you can work effectively.

CLASS PARTICIPATION AND ATTENDANCE

This class is not designed to be a lecture class, nor will it work particularly well in that format. Therefore, you are expected to come to class prepared, be in attendance at all classes, arrive on time, and remain until class is formally dismissed. **Absence from each class or group tutorial will result in a 3 point deduction.** A significantly late arrival or early departure, unless previously arranged, is a 1-point deduction. An excused absence will be granted only with prior notification on an exceptional basis for extreme circumstances. Most importantly, you are expected to participate actively in class discussions. A qualitative assessment of participation will be made based on overall in-class contributions during discussions, case sessions and consulting sessions. At the end of the course, I will give you the opportunity to submit a self-evaluation of your participation.

GRADING

Work	Grading	Potential Points	%
New Venture Ideas	Individual	30	3
Project Decision	Team	Not Graded	
Industry and Competitive Analysis	Team	100	10
Industry Interview	Individual	60	6
Operations and Marketing Plan	Team	100	10
Pro-Forma Assumptions	Team	50	5
The Business Deck or Plan (written)	Team	100	10
The Business Plan (oral)	Team	150	15
Exam	Individual	100	10
Oral Report	Pairs	100	10
Case Write-ups	Individual	60	6
Class Participation	Individual	150	15
Total		1000	100%

TEAMWORK MULTIPLIER

This calculation is designed to assure that grades reflect not only total team output but also the individual level of contribution. At the end of the term, you will have the opportunity to submit a peer evaluation, indicating the percentage of effort contributed for each team member, including yourself. This number can range from 0 to 100%. Based on these percentages, a grading multiplier will be applied to the team for each member. This multiplier will be calculated based on individual level of effort relative to the team's average effort.

EXAMPLE ONLY: % Assigned by Member								
% Assigned to Member	A	B	C	D	E	Total	Average	Multiplier
A	100	100	90	90	100	480	96	96/88 = 109%
B	90	100	80	80	90	440	88	88/88 = 100%
C	80	100	100	70	80	430	86	86/88 = 95%
D	80	100	90	100	90	460	92	92/88 = 105%
E	60	100	60	70	100	390	78	78/88 = 78%

Team Average = $\Sigma(\text{Averages})/\# \text{ team members} = 440/5 = 88$:

- The average of the individual grades will always equal the collective team grade
- Individual percentage assignments will be kept strictly confidential, but average percentage allocations will be reported to the recipient
- I will not arbitrate point allocations, team distribution is final

Grade	Points	minimum % of possible points
A	940-1000	94
A-	900-939	90
B+	870-899	87
B	835-869	83.5
B-	800-834	80
C+	770-799	77
C	735-769	73.5
C-	700-734	70
D+	670-699	67
D	635-669	63.5
F	634 and below	

ADDITIONAL COMMENTS AND RESOURCES

Library research and the Internet

It is expected that students will make significant use of material and databases available through the library and legitimate information obtained on the Internet. A business plan is not creative writing; unsubstantiated assumptions regarding the market, industry, competition, or costs will severely hamper the quality of your project and correspondingly, your grade.

Writing Skills

Effective written communication skills are essential to the practice of management. All work should be well written and adequately proofed. A business plan is a professional document, used to market your venture and yourselves. Assignments will be graded accordingly. Those who feel the need to do so are encouraged to make use of the Writing Center.

Presentation Skills

Your ability to get funding for any project, or approval for any initiative, will not only depend on the depth of your analysis but also on the degree to which you can present your concept in a clear, compelling and inspiring manner. A large portion of your final grade will depend on the presentation of your business plan. I strongly encourage you to make use of the Communications faculty and MBA presentation coaches in preparing and practicing your final presentations.

Networking

You will find it necessary to interview individuals knowledgeable in areas related to your proposed venture. Remember that you are representing the Business School when making these contacts and are expected to act professionally at all times. Be on time for appointments, follow-up with thank you notes, etc. In using these contacts, you should identify yourself as a member of the class and indicate that the information being sought is for educational purposes. However, if you are contemplating relying on this information in **any** way at **any** time in creating an actual venture, you are morally and legally required to inform your contact of that fact.

Citations

It is expected that students will make heavy use of outside sources. It is not necessary to formally footnote a business plan. However, it is absolutely imperative, either through body copy or appendices, to cite the source of all non-original facts and ideas. Information taken verbatim from **any** source must appear in quotes. Communication with other teams, students, faculty, and/or other university and community resources is permitted. When this occurs, you should include attribution as well as a written acknowledgment in your business plan.

Feedback

I have set aside class times to work with your team on various phases of your plan. You will also spend in-class time providing feedback to each other about your projects on an ongoing basis. Additionally, I strongly encourage you to discuss individual and team progress with me outside of scheduled meetings. If you are having any difficulties with the class, please do not wait until the end of the semester to schedule an appointment. I am very eager to help you conquer the course material and get the most out of this class. Please feel free to make suggestions or comments at any time; your input will be appreciated.

BUS 436
Fall 2010 Schedule
Subject to revision

Date	Topic	Reading	Due
8/25	Course Overview		
8/30	Entrepreneurial Trends Idea Generation	Scan FastCompany, Entrepreneur magazine	3 great ideas (do not hand in)
9/1	Elevator pitches (concept)		Venture Ideas
9/6	No class: Labor Day		
9/8	Elevator pitches (concept)		
9/13	New Venture Evaluation Venture launch case Team formation Business research speaker	<i>Kawasaki: The Art of Starting 3-18</i> <i>American Well</i> Lee Pasackow	Case Write up
9/15	Market Analysis Brainstorming Team Initial brainstorm	<i>New Venture Market Analysis</i> <i>Marketing Malpractice: The Cause and the Cure</i>	
9/20	Intellectual Property The New Economy New Economy Case	<i>The Legal Protection of Intellectual Property</i> <i>Why Business Models Matter</i> <i>Facebook</i>	e-business success stories Case Write up
9/22	Industry Analysis Launching a Business Venture Industry Positioning Case Team Venture decision	<i>Five Competitive Forces that Shape Strategies</i> <i>IKEA Invades America</i>	Case Write up

Date	Topic	Reading	Due
9/27	Competitive Analysis Team User Benefits Map	<i>Kawasaki: The Art of Positioning 29-43</i> <i>Blind Spots in Competitive Analysis</i>	
9/29	Strategic Positioning	<i>Strategic Planning</i>	
10/4	Guest Speaker	Ryan Born CEO and founder AudioMicro & Audioo	Market, Industry and Competitor Analysis
10/6	Values, Mission and Vision Vision case Team Core values	<i>Kawasaki: The Art of Being a Mensch 211-215</i> <i>Reiman & Hershatter: Master idea</i> <i>Oprah Winfrey</i>	Case Write up
10/11	No class, Fall Break		
10/13	Operations Planning and Venture Marketing Team Flow chart	<i>Strategic Moves: The Mechanisms of Success</i> <i>Kawasaki: The Art of Branding 167-191</i> <i>Kawasaki: The Art of Rainmaking 192-207</i> <i>Writing A Successful Business Plan</i>	
10/18	Group Tutorials	work on industry interviews	
10/20	Group Tutorials	work on industry interviews	
10/25	Financial Statements Pro Formas Team Industry interview planning	<i>Kawasaki: The Art of Bootstrapping 79-99</i> <i>Bootstrap Finance: The Art of Start-ups</i>	

Date	Topic	Reading	Due
10/27	EXAM		
11/1	The Evolution of a Business Business Evolution case	<i>In class: Building the Virgin Brand</i> <i>Burt's Bees Leaving the Hive</i>	Industry interviews Case Write up
11/3	Intrapreneurship The Pitch Intrapreneurship Case Team Pitch ideas	<i>Kawasaki: The Art of Internal Entrepreneurship 19-26</i> <i>Kawasaki: The Art of Pitching 44-65</i> <i>How Pixar Fosters Collective Creativity</i>	Case Write up
11/8	Class Speaker	Michael Feder CEO and Founder Fame Farm	Operations and Marketing Plan
11/10	The Business Plan Team Executive summary	<i>Kawasaki: The Art of Writing a Business Plan 66-75</i> <i>How to Write a Great Business Plan</i>	
11/15	Group Tutorials	Work on revenue function	
11/17	Group Tutorials	Work on cost assessments	
11/22	Venture Capital Use of Capital Case	<i>How Venture Capital Works</i> <i>Kawasaki: The Art of Raising Capital 119-148</i> <i>Curt Schilling's Next Pitch</i>	
11/24	No class	Thanksgiving	
11/29	Class Speaker	Gardiner Garrard Managing Partner Total Technology Ventures	Financial Assumptions

Date	Topic	Reading	Due
12/1	Valuation	<i>Venture Capital Negotiations</i> <i>Note on Valuation in Private Equity Settings</i>	
	Team Plan tuning		
12/3	FRIDAY FINAL PLAN PRESENTATIONS		
12/6	Tutorial and proforma help		
12/9	All Business Plans or Decks Due		