

MGMT 347- Innovation & Entrepreneurship (Fall 2010)

Instructor: Jeff Pollack (jpollack@richmond.edu)

Office: Weinstein Hall 102e

Office Hours: T & TH 2:00pm-3:00pm or by appointment. Email me to set-up a meeting.

Classroom and Time: RSB 201 on T & TH from 3:00pm-4:15PM

Course Overview

In this course, we explore the creation of new ventures in the face of risk and limited resources. We examine critical issues such as new venture strategy and business planning in a local, domestic and international context. In order to do this, we will synthesize knowledge from many disciplines building on your foundation in a variety of core and elective business topics (e.g., international business, accounting, marketing, finance, operations, strategy).

Drawing on course materials, the perspectives of the class members, as well as guests from the community, we will explore business concepts related to start-up and early stage ventures, including analysis of business opportunities. Throughout this process, my goal is to facilitate a broad perspective of entrepreneurship-- one which takes into account how, both locally, domestically, and internationally, business start-ups are an important driver of economic growth. Emphasis is placed on understanding the private enterprise system and what it takes to start and build a new venture.

This course is, by nature, an interactive course. We will interact with each other, as well as the community at large. You will be asked to engage with the community (as an entrepreneur and as a consumer of goods and information). Furthermore, as a part of this class, we will have multiple guests come in, from the Richmond community, to share their experiences and learn about your experiences.

Intended Outcomes

1. To provide an understanding of, and experience with, the new venture creation process – including the major components of developing an innovative idea into a successful enterprise.
2. To enable the intelligent evaluation of potential start-up opportunities.
3. To further develop critical thinking skills and decision making skills.
4. To foster engagement with the community, as an entrepreneur and as a consumer (of goods and information), towards the goal of creating meaningful experiences that are beneficial during, and after, your University of Richmond experience.

Course Readings

We will read two books for this course, as well as some supplemental materials and cases. The books are available from multiple sources. *All other readings are on Blackboard.*

1. Kawasaki, G. (2004). *The art of the start: The time-tested battle-hardened guide for anyone starting anything*. London: Penguin Books.
2. Wood, J. (2006). *Leaving Microsoft to change the world: An entrepreneur's odyssey to educate the world's children*. New York: HarperCollins Publishers.

There is one optional book for this course (***not required***). It is available via multiple sources. Feel free to purchase this if you would like. It is a very useful textbook.

1. Barringer, B. R., & Ireland, R. D. (2009). *Entrepreneurship: Successfully launching new ventures* (3rd Ed.). Upper Saddle River, NJ: Pearson Education, Inc.

Course Guidelines

Honor Code- Unless otherwise instructed, all of your efforts in this course should represent completely independent work (<http://studentorg.richmond.edu/urhc/STATUTES-2007.pdf>).

Accommodation- Students who miss class are responsible for the materials covered during those sessions. Students who need special accommodation (e.g., absences, disabilities), please let me know as soon as possible so I may help meet these needs. If you have a problem during the semester, please let me know as soon as possible so I can work with you appropriately.

Attendance and Participation- Please arrive on time and plan to remain until the end of class (I make certain class ends on time). Active class participation is essential. Please come to class prepared to discuss every chapter and every case, to make brief presentations when called upon, and to respond to the points made by other students.

Classroom Learning Environment- We will create a safe learning environment in our classroom. I expect each person in this class to respect each other, and to respect themselves. It is important to appreciate that every student is an important part of the class discussion, and that it is equally important that each of us listen carefully to one another and attempt to build on or constructively critique prior comments. It is only through consideration of many diverse opinions and viewpoints that we will move toward greater shared understanding of the multi-dimensional materials this course covers. An important note bears mention-- this course examines many aspects of human behavior, so we need to realize that we may acquire insight into our own personalities, actions, and tendencies as a result of participation in this course. Thus, we must all strive to remain sensitive to the feelings and perspectives of others during our class discussions and activities. Entrepreneurship is an endeavor filled with uncertainty-- we may all find ourselves doing things for the first time. This may, or may not, be a comfortable exercise-- however, it is important to get practice acting in an uncertain environment.

Course Activities

Start-Up Business 500 points

Documentary 200 points

Exams 1 & 2 200 points

Participation 100 points

Total: 1000 points

Overall Course Grading

Letter grades are as follows:

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|-----------|--------------|----------|--------------|-----------|--------------|
| A+ | 970 - 1000 | A | 930 - 969.99 | A- | 900 - 929.99 |
| B+ | 870 - 899.99 | B | 830 - 869.99 | B- | 800 - 829.99 |
| C+ | 770 - 799.99 | C | 730 - 769.99 | C- | 700 - 729.99 |
| D+ | 670 - 699.99 | D | 630 - 669.99 | D- | 600 - 629.99 |

Assignment Descriptions

Start-Up Business (500 points total)

We get to start businesses in this course! Beginning the first day of class (or before), you need to think (quickly and intelligently) about a business that you can start and create value (e.g., money, capital, social value, etc.) from this semester. This must be a new business, and the business must be legal and ethical. Any opportunity remotely questionable will result in a failing grade on this project. You may have a venture team with as many, or as few, people as desired.

I will assess the performance (500 points) of your venture across a variety of factors (see Grading Guides on Blackboard for economically-oriented business as well socially-oriented businesses). Please keep accurate financial records for your venture. Each venture will report on their progress (or lack of progress) weekly during class throughout the semester by giving a short (1-2 minute) synopsis of your performance to-date. Then, at the end of the semester each venture will report, in-class (5-7 minutes), on your business start-up performance.

Documentary (200 points total)

To foster a greater understanding of what entrepreneurs experience this class enables you to capture, on video, the essence of what the entrepreneurial experience is like—you get to make your own documentary about your new business!¹ This short film will be presented at the end of the semester to supplement your venture performance report. In this short film, I would like to see that each of you is processing the experience as it happens. Generally, it helps to choose one or two questions that your documentary will answer (e.g., “What are the greatest challenges entrepreneurs (i.e., you) face?” “If you had to do it all over again, what would you differently?” Note: these films are not meant to be just interviews with team members. Your short film should not just be a video of you asking questions and having team members respond. It should be interactive—video shots of you all working, selling to customers, hiring employees, etc. are all strongly recommended. As examples, some good questions to explore are:

- What are you learning from the experience that you can apply to future entrepreneurial ventures? What are you learning that can be applied to other parts of your life?
- How is the experience affecting your personal life and other commitments?
- What do you find most frustrating/rewarding about the experience(s)? What does this teach you about yourself? About entrepreneurship?
- What are you learning about your team members? About yourself? About working with others? About your career ambitions? About how you will approach future entrepreneurial endeavors?
- How do you feel about reporting performance (start-up business and documentary project) each week? Does that help motivate you or do you find it frustrating or irrelevant?
- What are you learning from your customers? Suppliers?
- Are there challenges that you did not expect? What are you learning from them?
- How is this experience changing your opinion of entrepreneurship/entrepreneurs?

These documentaries should be high-quality. Films are expected to be interesting, tell a story, demonstrate that you all are entrepreneurs. Innovation and artistry are both desirable. These documentaries should be **no more than 7 minutes in length**. *We will have multiple opportunities throughout the semester where you can learn about the art and science of making a documentary. However, this project will take time outside of class to complete in a competent*

¹ I am open to the possibility of documentaries focusing on an actual existing business. In the past, this is what we have done. However, this has advantages (e.g., networking with community members) and disadvantages (e.g., I get to know less about your business and it takes more time and coordination).

manner. I reserved the appropriate equipment from the Center for Teaching, Learning, and Technology for your use from September 15th through October 15th. I will evaluate your film on multiple dimensions (see Blackboard for Grading Guide).

Exams (200 total points)

These two exams are designed to enable you to apply your factual and conceptual understanding of the course material. The two open-note, open-book, short answer exams will be completed and submitted online. My expectation is that your answers to these questions integrate course content (e.g., class discussions, your experiences, panel discussions, course readings, cases, etc.). Answers based only on opinion will not earn as many points as answers which draw on course content.

Participation (100 points total)

After each class I will rate each student's participation on a scale of "-1" (detracted from class), "0" (absent or did not add or detract from class) to "1" (added to class). These points will be added together at the end of the semester and I will award up to a total of 100 points. Let me make a few comments here about the discussion questions listed on the syllabus. Please be prepared to answer these questions in class. In your answers, please feel free to draw on the readings, cases, and/or your own research. Answers which rely only on opinion are almost always less useful than answers which are based in data, evidence, numbers, facts, and/or research.

MGMT 347: Innovation & Entrepreneurship
(subject to change due to guest speaker availability)

| Week/Date | Topic and/or Activity | Readings and Discussion Questions |
|---------------|-----------------------------|---|
| WEEK 1 | Welcome and Overview | |
| Aug. 24 | Welcome and Overview | <p>Readings: Booz, Allen & Hamilton (2004)</p> <p>Discussion Questions: 1. What organizations on the list surprised you? Why? 2. Which organizations will no longer be on the list in 2050? Which do you think will be added? Why?</p> |
| Aug. 26 | Recognizing Opportunities | <p>Readings: Kawasaki Ch. 1 Wood Ch. 1-2 Sarasvathy (2001)- only read <i>Curry in a Hurry</i> section Case: <i>What to make of a new product</i> (Mark Juarez)</p> <p>Discussion Questions: 1. Has Mark Juarez identified a good business opportunity? If you were Mark, what would you do? 2. What are the ways in which you will approach the idea generation process for your own start-up? 3. Compare and contrast your perceptions of “idea generation” vs. “opportunity recognition.”</p> |
| WEEK 2 | Creativity | |
| Aug. 31 | The Entrepreneur | <p>Readings: Gladwell (2010) Holland (2010a) Whitford (2010) Case: <i>Takahiko Naraki</i></p> <p>Discussion Questions: 1. Why is it so difficult to predict who will be a successful entrepreneur? 2. Can only extraordinary people be entrepreneurs? 3. In what ways is/was Takahiko Naraki extraordinary and/or not extraordinary?</p> |

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|---------------|---|---|
| Sept. 2 | Feasibility and Business Models | <p>Readings: Wood Ch. 3-5 Holland (2010b) Case: <i>Icedelights</i> Read about <i>Red Mango</i> franchise opportunities online (http://www.redmangofranchising.com/franchise_opportunity.html)</p> <p>Discussion Questions: 1. In what ways might John Wood examine the feasibility of his emerging idea(s)? 2. What is the business model of the Icedelights opportunity (i.e., what is the path to money)? Is this business model the same as <i>Red Mango</i>? 3. What is your opinion regarding the feasibility of the Icedelights opportunity? What about <i>Red Mango</i>?</p> |
| WEEK 3 | Logistics for Start-Ups | |
| Sept. 7 | Industry and Competitor Analyses | <p>Readings: Kawasaki Ch. 2-3 Hambrick & Fredrickson (2001) Case: <i>Calyx & Corolla</i></p> <p>Discussion Questions: 1. Please describe the industry in which Calyx & Corolla is/was entering? 2. Please describe the business model (i.e., their path to money) of Calyx & Corolla. 3. What was the strategy of Calyx & Corolla (i.e., what did they do differently than existing companies)? 4. <i>Please have in your mind at least one business start-up idea and be prepared to discuss initial impressions of feasibility.</i> 5. <i>Today, in class, we will vote on the most promising ideas and form the teams for the start-up businesses.</i></p> |
| Sept. 9 | Community-Based Learning (Guest Speakers)- <i>Developing innovative ideas- Encouraging creativity</i> | <p>Readings: Friedman (2010) Holland (2010c) Gladwell (2008)</p> <p>Discussion Questions: 1. If you could genetically engineer the perfect entrepreneur, what personality characteristics would you give him/her? 2. Why might it be difficult to know or predict who may be a good entrepreneur?</p> |

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| WEEK 4 | Logistics | |
| Sept. 14 | How do you start a business (e.g., choosing a legal entity, filing paperwork, intellectual property, and funding the new venture)? | Readings: Ankeny (2010) Resnick (2010) <i>Please review the documents posted in Blackboard before class.</i> |
| Sept. 16 | Creating Effective Documentaries | Class will meet in Center for Teaching, Learning, and Technology (Boatwright Library room 320) |
| WEEK 5 | Logistics for Start-ups | |
| Sept. 21 | Business Planning & Financial Statement Analysis (e.g., income statement, cash flow statement, balance sheet) | Readings: Wood Ch. 6-8 Kawasaki Ch. 4-5 Brinckmann, Grichnik & Kapsa (2008) Debaise (2010) Quinn (2010) Case: <i>DeMars (Acquisition Profile)</i> Discussion Questions: 1. How do you feel about business planning? Should entrepreneurs do it? Why or why not? 2. Would you buy DeMars? For how much? What, if any, business planning needs to be done? |
| Sept. 23 | Community-Based Learning (Guest Speakers)- <i>Marketing the new venture</i> | Readings: Wood Ch. 9-10 Kawasaki Ch. 6-9 Case: <i>Cowgirl Chocolates</i> Discussion Questions: 1. What advice would you give to Cowgirl Chocolates? 2. Please view the website of Cowgirl Chocolates-- what product branding thoughts would you offer? |
| WEEK 6 | | |
| Sept. 28 | Documentary Viewing- <i>Start-up.com</i> | |
| Sept. 30 | Exam 1 | Exam 1 Due by 5:00pm |

| WEEK 7 New Venture Growth | | |
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| Oct. 5 | Community-Based Learning (Guest Speakers)- <i>Expanding domestically and globally</i> | Readings: Wood Ch. 11-12 <i>The Economist</i> Special Issue (2009) Case: <i>Ben & Jerry's Japan</i> Discussion Questions: 1. Why was Japan appealing for Ben & Jerry's? 2. Is your business one which could expand globally? |
| Oct. 7 | The Challenges of Growing the New Venture | Readings: Wood Ch. 13-16 Kawasaki Ch. 10 Rutherford & Buller (2007) Discussion Questions: 1. Who are the main stakeholders important to new ventures pre-legitimacy versus post-legitimacy? 2. What is a legitimacy threshold for your business? |
| WEEK 8 Fall Break | | |
| Oct. 12 | Fall Break | No Class |
| Oct. 14 | In-Class Documentary Viewing- <i>E-Dreams</i> | |
| WEEK 9 Ethics | | |
| Oct. 19 | Entrepreneurial Ethics | Readings: Rutherford, Buller & Stebbins (2009) Case: <i>Ford Pinto</i> Discussion Questions: 1. How do you feel about entrepreneurs misrepresenting the truth to gain legitimacy? 2. In your opinion, what are examples of o.k. legitimacy lies versus not o.k. ones? |
| Oct. 21 | Social Entrepreneurship | Readings: Kawasaki Ch. 11 Wood Ch. 17-24, Epilogue, Update 2007 |
| WEEK 10 Checking In | | |
| Oct. 26 | Start-Up & Documentary Check-ins | Drafts of the following Due: Balance Sheet, Cash Flow & Income Statements Storyboard of Documentary Due |
| Oct. 28 | Exam 2 | Exam 2 Due by 5pm |
| WEEK 11 Workshops | | |
| Nov. 2 | Community-Based Learning (Guest Speakers)- <i>Sales and marketing</i> | |
| Nov. 4 | In-class sales and marketing workshop | |

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| WEEK 12 | Documentaries | |
| Nov. 9 | In-class documentary workshop | |
| Nov. 11 | In-class documentary workshop | |
| WEEK 13 | In-Class Practice | |
| Nov. 16 | In-Class Activity | |
| Nov. 18 | In-Class Activity | |
| WEEK 14 | Thanksgiving break | |
| Nov. 23 | In-Class Activity | |
| Nov. 25 | Thanksgiving Break | No Class |
| WEEK 15 | Performance Reports | |
| Nov. 29 | Venture Performance Reports and Films | |
| Dec. 1 | Venture Performance Reports and Films | Extra Credit Due |
| WEEK 16 | Exam Week | |
| Dec. 6 | Venture Start-Up Performance | Final Versions Due by 5pm: Financial Statements & Documentary Films |

SOME USEFUL RESOURCES:

www.bplans.com Provides sample business and marketing plans along with a start-up section featuring answers to common questions about starting a company.

<http://www.kauffman.org/> Great site for information on entrepreneurship education, research, and funding.

www.entrepreneurmag.com The Web site for Entrepreneur magazine—it includes articles on how to write a business plan in a day, top Internet entrepreneurs and how they did it, and finding angel investors. It also includes a bookstore and an archive library, free business forms, and information of franchising.

www.inc.com Inc. Online features articles on a wide variety of topics—for example, advertising secrets of hot start-ups, how unlikely entrepreneurs succeeded, and what happens when business partners break up. You'll also find software, and demos on general management, money management, personnel, and Web site builders, and a great online store for books, videos, and software.

www.sba.gov The U.S. Small Business Administration offers information on all aspects of business planning and extensive links to other sites.

<http://www.scc.virginia.gov/clk/index.aspx> This is the site to go to complete and file an application for a LLC in Virginia.

www.startupbiz.com This site offers advice on every aspect of starting a business, from choosing a name to researching your idea and promoting it. It also has a form allowing you to submit your idea to The Center for Innovation, which will provide a free critique of your idea.

SOME OTHER FUN LINKS:

http://images.businessweek.com/ss/09/10/1009_entrepreneurs_25_and_under/1.htm
BusinessWeek's 2009 America's Best Young Entrepreneurs

<http://www.nytimes.com/interactive/2009/11/11/business/smallbusiness/Competitions-table.html>
A long list of business pitch/plan competitions-- \$\$\$\$

<http://www.inc.com/30under30/2010/index.html>
America's coolest entrepreneurs—30 under 30

http://images.businessweek.com/ss/08/06/0627_fresh_entrepreneurs/1.htm
America's most promising start-ups

<http://www.inc.com/ss/cool-college-start-ups-2010#0>
Cool college start-ups

<http://www.inc.com/ss/30under30/2010/young-entrepreneurs-giving-back>
8 young social entrepreneurs

Extra Credit Opportunities

1. Find a movie clip or video clip that is relevant to an issue or topic we discuss in class. Please provide me the link to the website and/or the clip on a DVD. When submitting a new movie clip or video to me, please provide one short paragraph describing how the content is relevant to class and to what course content it can be linked (chapter, pages, case study, etc.) **(For up to 5 extra points, submit this extra credit work to me by the last week of class).**

2. Participate in a research study being conducted at the University of Richmond. Multiple research studies are conducted each semester at the University of Richmond across the schools (i.e., Business, A & S, Leadership). You will receive 5 points extra credit for each study in which you participate. You may participate in up to 2 studies. **Thus, for up to 10 extra points, submit a short overview listing each study in which you participated including the area of focus and the primary investigator's (main researcher) name. This extra credit work is due to me by the last week of class.**

3. Network with small business owners who are open to participating in academic research. If you are interested, feel free to find up to 10 small business owners (i.e., fewer than 250 employees, less than 8 years old) who are willing to complete a confidential 20 minute online survey. For each business owner, please provide the following information:
 - Name of owner
 - Contact information of owner (i.e., work e-mail, work phone, work address)
 - Business Name
 - Industry in which business is active
 - Age of business
 - Number of employees
 - Date you confirmed their willingness to participate

You will receive 1 point for each owner you refer who is willing to participate in academic research (i.e., confidential 20 minute online survey). **Thus, for up to 10 extra points, submit an overview of all the business owners you found (with the above information) to me by the last week of class.**