

MGT3520
MW 3:30-4:45
Relationship and Organizational Competencies for Entrepreneurs
Spring 2011
Room B209
David Herrmann, Executive in Residence/Senior Lecturer

Office: B402

Hours: MWF 9:30-11:00 or by appointment

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Course Description (from General Catalog):

Development of the relationship and organizational competencies for entrepreneurs. Focuses on the development of persuasion, delegation, and organizational skills for individuals who launch business and/or play key roles in their growth.

Text:

Good to Great, by Jim Collins, Harper Business, 2001

Other readings as handed out or on electronic reserve (password: her3520).

Instructor's Objective for the Students:

This course is predominately structured as a projects course in which students will be required to form companies and launch their own ventures. Students will be expected to form consolidated business plans around a business idea of their choosing, present their plans to an "investor" panel to receive funding, form a legal business entity, launch their venture and generate revenues, maintain accounting records, and pay all applicable federal, state, and local taxes resulting from their business activity. Additionally, you will have one chapter from our text, to review and present in class.

Business ventures:

In forming new ventures, companies are encouraged to be creative. While students may choose to start ventures that will end with the conclusion of the semester, students are encouraged to form ventures that have the potential to become sustainable businesses. Students are also encouraged to pursue social ventures and may consider donating portions of their revenues to charitable causes.

While it is not the intention of the instructor to limit the creativity of new venture teams, some ground rules have been laid out below. It is essential that all ground rules be adhered to under severe penalty. ***Any breach of legal or ethical standards will result in failure of the course.***

Management team structure:

Each company will consist of five to six members. All company members will be required to take a management position. Management positions that must be filled are: General Manager, Marketing Manager, Finance Manager, Operations Manager, and Technology Manager. For companies with more than five members, additional management positions that are specific to individual ventures can be formed. The basic duties of each manager are described below.

The General Manager is responsible to coordinate all activities of the venture and will report the status of the venture to the instructor on a regular basis. Due to increased work load, all general managers will be given 25 extra credit points. However, if the fellow company members on average rate the General Manager below 85% in the Company Member Evaluation, the General Manager will lose the 25 extra credit points and will lose an additional non-extra credit point for each percentage point rating below 85%. **All aspiring general managers must be sanctioned by a majority of company members and *must* bring their resumes to the instructor on the second day of class.** The instructor will have final approval for the General Manager.

The other four managers (Marketing, Finance, Operations, and Technology) will be responsible to oversee their respective functions. The Marketing Manager will lead the marketing and sales efforts of the firm. The Finance Manager will be responsible for creating financial statements, keeping company accounting records, and managing cash flow. The Operations Manager will be responsible to oversee operations. The Technology Manager will be responsible to coordinate the use of technology (high-tech or low-tech) and may do things such as create a website, run video equipment, or run mechanical equipment (to further explain, if a quilting business was formed, the Technology Manager would be responsible to direct the use of quilting technology). For larger company teams, additional venture-specific management positions can be created. Of course any team member can help out where needed and should not function solely in their silo.

Mentors:

Each company is required to find a mentor from the community to help it with its venture. It is preferred that the mentor has applicable experience to the new venture being formed. At a minimum, the mentor must have some experience with business ownership and/or development. Companies should meet with their mentors a minimum of three times throughout the semester. All mentor interactions should be described in the business activity log.

Awards:

At the end of the semester, awards will be presented in three categories: Top earner (as measured by *net income*), best social venture (as determined by the instructor), and

most creative venture (as determined by class vote). Teams receiving these awards will receive 25 extra credit points for each team member.

New Venture Ground Rules

1. A single equity infusion of \$150 will be granted to each company from the Center for Entrepreneurial Spirit (the “CES”) following successful completion of the screening process. This equity infusion will be used to form a legal entity and license the business. Companies may raise or invest additional equity capital; however, no student may invest more than \$40 of his or her own funds. Students must obtain permission from the instructor before assuming debt or other liabilities or raising funds through the selling of equity. Students may engage in activities not directly related to their venture to raise funds (e.g. holding a group car wash).
2. Students may use assets currently under their control (owned or borrowed). However, students should deduct the cost of replenishing consumables (paper, ink, etc.) that were owned or borrowed and then used.
3. At the end of the semester, students will report on the profit and social value created through their entrepreneurial projects. Accounts receivable do not count as profit, nor do significant payments by direct relatives. This is to ensure that teams have generated collectible revenue and completed arms-length transactions.
4. Student teams are allowed to keep the net income generated by their ventures. This income must be distributed *equally* among group members. This does not mean that students cannot be paid additional compensation for functioning as “employees” of the company. A 50% return on CES equity capital is expected from *all* profitable ventures (meaning \$225 is to be returned to the CES from the \$150 equity investment before net income is distributed).
5. The originator of the venture idea has first priority to continue on with the venture at the conclusion of the semester. Each group *must* document the originator of its new venture idea. If the idea originator does not want to continue the venture and argument arises over which team member(s) will continue the venture, the instructor will use a random number generator to assign venture continuation order rights. If the venture is closed at the end of the semester, it is the teams responsibility to file all concluding tax documents with the federal and state authorities.
6. **IMPORTANT: *Student ventures must not:***
 - **Violate any laws or contravene any of the university's established policies;**
 - **Use or involve alcohol, tobacco, or any illegal, dangerous or toxic substances;**

- **IN ANY WAY endanger the safety of the group, the public at large, or the environment;**
- **IN ANY WAY endanger the reputation of the university or the faculty;**
- **IN ANY WAY violate ethical standards of professional business conduct;**
- **VIOLATION OF THESE STANDARDS MAY RESULT IN FAILURE OF THE COURSE AND/OR EXPULSION FROM THE UNIVERSITY.**

Consolidated Business Plan (150)

The consolidated business plan should consist of a comprehensive roadmap explaining how your business will function. The plan will serve two main functions. First, it will be used as a marketing tool to convince investors at the screening meeting that they should invest in your company. Second, the plan will assist your team to thoroughly evaluate how its venture will function and help all members to get on the same page. Each company member will be required to be the primary writer of the section of the business plan that corresponds to his or her duties (e.g. the Marketing Manager will be responsible for the marketing plan); however, *all members* will be responsible to review and revise the entire plan. Sections of the plan not directly under the responsibility of one manager will be the responsibility of the group as a whole. Grades will be composed of a 25% individual score corresponding to the individual's section of the plan, and a 75% overall group score. Individual writing assignments are outlined below.

The body of the plan should be approximately 12 pages including cover page, table of contents, executive summary, and appendices (extended financial forecasts may increase this length). The body of the plan should address the industry in which the venture will operate, provide a description of the business, discuss the product and/or service to be offered, explain the business model used, discuss the organizational structure and ownership, describe the management team, provide a marketing plan, provide an operations plan, provide a financial plan, provide an exit strategy, identify critical risk factors, and provide any additional documents in an appendix. Plans **must** be well-written and well-conceived in order to receive funding and approval for venture launch.

Business Plan Responsibilities

General Manager –Business Model, Organizational Structure and Ownership

Marketing Manager – Industry Analysis and Marketing Plan

Operations Manager – Business Description and Operations Plan

Finance Manager – Finance Plan

Technology Manager – Product and/or Service Plan and Critical Risk Factors

Everyone (Or individual assignment if more than five team members) – Executive Summary, Management Team, Exit Strategy, and Appendix

Screening Meeting Presentation (100)

Students will be required to present their business plans to an “investor” panel at a screening meeting the fifth week of class. Companies will be given 10 minutes each to present and will be held strictly to this time limit. The first 7 minutes will be allotted for the company presentation, and the last 3 minutes will be reserved for questions. **Each company member will be required to present and should discuss the part of the business plan for which he or she is responsible.** Companies are encouraged to use visual aids and other creative means to capture investor attention, but should not do anything to detract from their core presentation.

Business Activity Log & Accounting Records (100&100)

Each company will be required to keep a business activity log outlining all of its activities throughout the duration of the course. Each entry in the log should be dated and consist of a short description (one to two sentences should be more than enough) of the activity along with the names of everyone involved. It is recommended that this log be kept in a spreadsheet that all team members can easily access (such as in Google Docs). To provide an example of an appropriate entry, if the Marketing Manager cold-called 50 potential clients in an afternoon, the entry would be dated and would read “cold-called 50 potential clients,” and would provide the name of the Marketing Manager. While this activity log will be submitted as a company, it will be used to determine overall group effectiveness as well as individual company member contributions.

In addition to the business log, detailed accounting records **must** be kept. These will be the primary responsibility of the Finance Manager; however, all team members will be responsible for providing accurate financial information. These records will be important for tax purposes, and will be turned in with the activity log at the end of the semester.

Progress Reviews

Throughout the course, in-class progress reviews will be conducted. During these progress reviews, all company members are expected to be present. **Each company member will be allowed to miss one review; however, members will lose ten points per progress review for any additional missed.** In these progress reviews, companies will hold meetings to discuss progress and outline action items. Notes from these reviews must be kept and added to the Business Activity Log (company member attendance will be included in meeting notes). During these days, each company will also meet with the instructor to discuss issues and progress with its venture.

New Venture Results Presentation (250)

At the conclusion of the semester, each company will provide a presentation on the results of its venture. Each presentation will be allotted 18 minutes with 15 minutes for presentation and 3 minutes for Q&A. As with the screening meeting, **each company member will be required to present**; however, only a group score will be given for this presentation. This presentation should describe the **outcomes** of the venture and should focus specifically on what was learned throughout the course. Grading will be

determined 70% by evaluating the success of the venture and 30% by the quality of the presentation and learning experiences.

Team member Evaluation (100)

A detailed company member evaluation will be required from each student at the conclusion of the course. **Students will receive no grade for the course until their evaluations are submitted.** These evaluations will be averaged and used to determine this portion of each company member's grade. If an individual company member receives a substantially low average evaluation and the business activity log shows that the student did not participate in the company's activities, failure of the course could result.

Extra Credit (???)

Extra credit will be available in three different ways. First, General Managers have the opportunity to earn 25 extra credit points as described previously (this can also work against them if they do not perform their duties well). Second, for each time the company's ending net income doubles the initial \$150 equity investment, each company member will earn 5 extra credit points (e.g. 5 points for net income of \$150; 10 points for net income of \$300). Net income **will not** be rounded up to the next highest figure. Third, groups may "buy" extra credit points by donating any or all of their additional **income from operations** to The Huntsman School's SEED program. The conversion is 1 point for every \$10 in 10 point increments, but these funds must have been generated from regular company activities (sales).

Good to Great Presentation (100)

Your group will be assigned one chapter from the book to present in class. You should take 50 to 60 minutes to "teach" the class that day. This book has direct relevance on how to build a truly great company. You will be graded on how thoroughly you cover the material, bring in outside examples, and how interesting you make your presentation.

Participation (100)

Because of the complexities of the project many of the lectures are designed to help you complete your project. Your attendance is imperative. Please don't short change yourself by not attending class.

Grading

Consolidated Business Plan	150 Points
Screening Meeting Presentation	100 Points
Business Activity Log	100 Points
Accounting Records	100 Points
New Venture Results Presentation	250 Points
Team Member Evaluation	100 Points
Good to Great Presentation	100 Points
Participation	<u>100 Points</u>
TOTAL	1000 Points

A	>=	940 Points
A-	>=	900 Points
B+	>=	870 Points
B	>=	840 Points
B-	>=	800 Points
C+	>=	770 Points
C	>=	740 Points
C-	>=	700 Points
D	>=	600 Points
F	<	600 Points

I reserve the right to skew the curve (up or down) based on your overall scores.

Thanks, and may your preparation meet your opportunities.

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Spring 2011 Class Schedule

DATE	TOPIC	READING/ASSIGNMENT/ACTIVITY
Monday 1-10	Review Course Business plan overview	Form companies Lecture
Wednesday 1-12	Finalize Co. management/organization PROJECT DAY	Q&A
Monday 1-17	Human Rights Day – No School	No Class
Wednesday 1-19	Business models Business Legal Structure PROJECT DAY	Lecture; in-class discussion of business ideas
Monday 1-24	Market Analysis Marketing Strategy Cash Flow Analysis	Read: ER: <u>Industry Analysis</u> , Chapter 2, by Knott Read: ER: Cash: <u>Lifblood of</u> <u>the Business</u> , by Katz
Wednesday 1-26	PROJECT DAY	
Monday 1-31	Selling Yourself Business idea approval	Lecture and Discussion In-class company meeting time
Wednesday 2-02	PROJECT DAY	
Monday 2-07	Payroll Reports/Hiring/Firing Issues/Tax PROJECT DAY	Consolidated business plan due
Wednesday 2-09	SCREENING MEETING	Business plan presentations to investor panel; initial CES investment Final Approval
Monday 2-14	Entrepreneurial Finance PROJECT DAY	Lecture and Discussion
Wednesday 2-16	Good to Great discussions Chapter 1	Instructor
Tuesday 2-22	Movie: Start-up.com/comments	
Wednesday 2-23	Movie: Start-up.com/comments	Progress Reviews: All Groups

DATE	TOPIC	READING/ASSIGNMENT/ ACTIVITY
Monday 2-28	Accounting Systems/ PROJECT DAY	Guest Lecture
Wednesday 3-02	Good to Great discussions Chapter 2	Group 1
Monday 3-14	Operations Management/ PROJECT DAY	Guest Lecture/ Progress Reviews ; Groups: 1,2,3
Wednesday 3-16	Good to Great discussions Chapter 3	Group 2
Monday 3-21	Rental Rates/Terms discussion/ PROJECT DAY	Lecture and discussion Progress Reviews ; Grps: 4,5,6
Wednesday 3-23	Good to Great discussions Chapter 4	Group 3
Monday 3-28	Managing risk/ PROJECT DAY	Lecture and discussion
Wednesday 3-30	Good to Great discussions Chapter 5	Group 4
Monday 4-04	Good to Great discussions Chapter 6	Group 5
Wednesday 4-06	Good to Great discussions Chapter 7	Group 6
Monday 4-11	Good to Great discussions Chapter 8	Instructor
Wednesday 4-13	PROJECT DAY	Final Progress Review
Monday 4-18	Evaluating Financial Performance Business Ethics	Lecture and discussion Guest Lecture
Wednesday 4-20	PROJECT DAY	Prepare presentations
Monday 4-25	Team presentations; Groups: 6,5,4,3	In-class presentations
Wednesday 4-27	Team presentations; Groups: 2,1 Course wrap-up and Review	In class-presentations