

ENT 500

New Venture Startup

Fall 2010

| | |
|-------------------------|--|
| Professor: | Dr. Steven Gedeon |
| Office Location: | TRS 2-073 |
| Telephone: | 416-979-5000 x7925 |
| Email: | sgedeon@ryerson.ca |
| Office Hours: | Right after class |



ENT500 – NEW VENTURE STARTUP

COURSE INFORMATION

Prerequisites and/or Exclusions: No prerequisites. BDC913 and ENT 726 are anti-requisites.

Posting of Grades and Feedback on Work: Grades on assignments will be handed back in class. Students who do not want their course grades handed back in class must inform the instructor in writing before the third session. Students will receive the results of their first two assignments before the final deadline for dropping courses without academic penalty. All assignments submitted for grading will be handed back within two weeks, except for the final assignment which will be available after official final grades are available.

E-mail Communication: Students must use the e-mail address listed above to communicate with the instructor. Students are required to activate and maintain a Ryerson Matrix e-mail account. This shall be the official means by which you will receive university communications. Faculty will not respond to student enquiries from any other e-mail address. See Pol# 157 found at www.ryerson.ca/senate/policies for further information on this issue.

Course Description

This introductory course is designed for **non-business program students** who wish to start-up a business (or non profit venture) of their own or want to assess their own potential for such an option. It will help the student to understand the complexities facing start-ups. The process of business planning will be featured. The course will assist in the creation of new Canadian ventures or at a minimum this course will cultivate the entrepreneurial spirit within the individual. Students will be required to work in a team to attempt to develop a business plan for a new venture.

Notice Regarding Different Sections

Different sections of this course may be taught differently by different instructors. Please note that this section, taught by Prof. Gedeon, does not include either a midterm or final exam whereas other sections do. If you wish to switch sections, it is strongly advised that you do so as early as possible. No student may join Dr. Gedeon's section after the 3rd week of class.

Course Overview

This course is designed to help non-business students combine their vision for a new business or non-profit organization with a practical approach: from the inception of the idea, to researching the market to creating a functional business plan. The fundamentals of marketing, management and finance are covered. Whether or not students actually start a business on their own, students should develop an appreciation for the challenges facing the small business owner or entrepreneur.

Course Objectives

Upon completion of the course, students will be able to:

- Evaluate their own potential for starting a business (or non-profit venture)
- Work as a member of a team to produce a business plan
- Develop a written business plan that outlines an opportunity for the launch of a new business
- Present the business opportunity to an audience of business investors
- Use principles of market analysis to demonstrate the realistic and addressable size and scope of the business opportunity being presented to potential investors
- Explain the financial viability of the proposed business opportunity, by providing full financial statements for its operation

ENT500 – NEW VENTURE STARTUP

EVALUATION

The grade for this course is composed of the mark received for each of the following components:

| Method | Percent/Weight |
|------------------------------|-----------------------|
| Individual Market Analysis | 15% |
| Interim Presentation | 10% |
| Sales Forecast (Group Grade) | 15% |
| Business Plan | 35% |
| Final Presentation | 15% |
| Group Analysis Report | 10% |
| TOTAL | 100% |

More detailed information is available on Blackboard about each of the assignments. Students will receive detailed feedback on their work prior to the final deadline for dropping courses without academic penalty. **Note: In addition, in order to pass this course, the student must receive a passing grade on the Business Plan and in the Group Analysis Report.**

Individual Market Analysis (3+12% of final grade)

The purpose of these two assignments is for students to independently develop a feasible business or non-profit idea and conduct market research related to this idea. This will help ensure that all group members contribute to the overall business plan developed by the group. The assignment will also help students hone Internet searching and reference skills.

Interim Presentation (10% of final grade)

This is a 7 minute group presentation followed by 8 minutes of feedback. Students present the value proposition for their proposed business or non-profit organization, and must convince their instructor and peers that their idea is viable.

Sales Forecast (15% of final grade)

Each group will submit a preliminary sales forecast for their proposed business or non-profit. This forecast will outline the expected revenue streams and expenses for the first three years of the company's operations.

Business Plan (35% of final grade)

Each group will prepare a complete business plan for their start-up. The business plan will outline the value proposition, market opportunity, operating processes, staffing requirements and full financial analysis for the new venture. Specific requirements will be provided in class. A peer evaluation process (the Group Analysis Report) will be used to assess individual contribution to the group project.

Final Presentation (15% of final grade)

Each group will present their business plan to the class, modeling a presentation to potential business investors. Presentations should demonstrate the value proposition of the proposed business, explain the size of the market opportunity, and demonstrate its financial viability.

Group Analysis and Personal Participation Self Reflection Report (10% of final grade)

This Group Analysis Report relates to your team performance – what you can do to improve, how others can improve, how the team overall can improve and the steps you plan to take to ensure this improvement in future teams. As part of this report, you must realistically rate each person's contribution as well as your own. Each student will receive an individual grade for this component that will be partially based on their contributions to the team and partially based on their written report.

(Please note that any student who receives a failing group assessment mark from a majority (50% +1) of their fellow group members will receive a grade of zero (0%) for the Business Plan and an F in this course for unprofessional behavior).

ENT500 – NEW VENTURE STARTUP

Other Evaluation Comments:

- Professional communication is strictly enforced; poorly written emails or assignments may be discarded and/or receive a grade of zero.
- Professional behaviour during class is strictly enforced; you are not allowed to use notebooks or mobile devices during class (unless you require this due to a disability and have a letter from the Access Centre). You are expected to arrive on time for class (10:10am) and attend all classes. Missing three (3) or more classes during a semester, without permission, will result in failure of the course.
- Please be sure to keep an extra copy of all assignments that you hand in.
- It is your responsibility to clarify any ambiguities that you may find in the course materials or syllabus; when in doubt, please ask.
- Assignments are due at 10:10 AM on the dates specified; if you are unable to submit on the due date, arrange for an early submission. Any absence from class does not excuse you from assignment deadlines.

Course Text and Materials

Required Textbook: Knowles, R., (2007) Small Business: An Entrepreneur's Plan, Fifth Canadian Edition, Nelson, Thomson Canada Limited. ISBN:0-17-625240-1 (available at the Ryerson Bookstore)

Other Course Materials available on Blackboard.

Course Schedule

Sept 9 - Week 1 – Introduction and Exploring Your Options

- Overview of entrepreneurship and business planning
- Introductions and networking

Readings: Chapter 1 & 15

Assignments Introduce yourself and your idea in class. Stand up and provide a 30 second "Personal Pitch" on why someone would want you in their team. Include issues such as nights and locations available to meet, key strengths and whether you have an idea for a new business or non-profit venture.

Network with your classmates to seek out good team members.

Sept 16 - Week 2 - Spotting Trends & Opportunities

- Opportunity spotting, Key trends and Opportunity selection
- Mission and strategy

Readings: Chapter 2 & 3

Assignments Hand in the very short Market Analysis Assignment 1 (worth 3%).

Network with your classmates to seek out good team members.

ENT500 – NEW VENTURE STARTUP

Sept 23 - Week 3 - Your Target Customer/Learning from the Competition

- Business Plan Overview
- Market Analysis, Customer Analysis and Competitor Analysis
- Differentiation, Positioning and Strategy

Readings: Chapters 4 & 5

Assignments Stand up and provide a 30 second “Elevator Pitch” on an idea you have for a new business or non-profit. The goal is to try to convince others to join your team and work on your Business Plan idea. **By the end of this class you must have formed or joined a team of 6 students.**

Sept 30 - Week 4 - Marketing Strategies and Promotion

- Key Success Factors that drive your Market Plan
- Market Plan: Product, Price, Promotion and Place

Readings: Chapter 6 & 7

Assignments Hand in the more detailed Market Analysis Assignment 2 (worth 12%).

Oct 7 - Week 5 – Market Plan (continued)

- Feedback on Market Analysis
- Market Plan: Product, Price, Promotion and Place

Readings: Chapter 7

Assignments Share the feedback you received on your Market Analysis assignment with your team members and start to build the core elements of the Market Analysis portion of your team’s Business Plan. Use your Market Analysis to identify your team’s Key Success Factors that will drive the remainder of your Business Plan.

Oct 14 - Week 6 – Legal and Risk Management Concerns

- Legal issues, insurance, shareholder agreements/contracts, compliance, patents, copyrights and trademarks
- Planning Ahead

Readings: Chapter 8 & 9

Assignments: Please read chapter 8 ahead of time and bring any questions you may have to class regarding this week's chapters.

Work on your team’s Interim Presentation.

ENT500 – NEW VENTURE STARTUP

Oct 21 - Week 7 – Team Interim Presentations

Each team will make a 7 minute presentation, followed by 8 minutes of feedback and suggestions for improvement. Half the teams in the course will present each week.

Oct 28 - Week 8 – Team Interim Presentations

Each team will make a 7 minute presentation, followed by 8 minutes of feedback and suggestions for improvement. Half the teams in the course will present each week.

Nov 4 - Week 9 - Introduction to Financial Statements

- Income Statement, Balance Sheet, Cash Flow and Pro-Forma Income Statements
- Breakeven Analysis

Readings: Chapter 10

Assignments

Nov 11 - Week 10 – Financing Your Business and People

- Sources of Financing
- Raising Money
- People People People
- Project Management

Readings: Chapter 11 & 12

Assignments Sales Forecast Assignment Due

Nov 18 - Week 11 – Personal and Business Success

- Goal Setting
- Time Management
- Personal and Business Success
- Business Plan Guidelines
- Course Summary

Readings: Chapter 15

Assignments

Nov 25 - Week 12 – Final Presentations

Dec 2 - Week 13 – Final Presentations

Dec 10 Deadline for Handing in Business Plans – Business Plan Submission; a hard copy to be delivered by noon. Print the turnitin.com receipt and attach in the

appendix.

Teaching Method(s)

Various teaching techniques will be used and may include lectures, presentations, written content, Blackboard Discussions, documentary videos, peer collaboration, informal chats and other tools to be defined. Students will be expected to make at least two public speaking presentations in front of class and will be provided with oral feedback on their presentation style as well as content. From time to time, the professor will show student materials on the overhead projector to provide feedback that is relevant to the entire class.

In order to derive the maximum benefit from weekly modules, students are expected to be fully prepared to participate (i.e. reading for the week or assignments have already been done). Every effort will be made to manage the course as stated. However, adjustments may be necessary at the discretion of the professor. If so, such alterations will be announced prior to implementation.

This course requires an extensive amount of group work. Students must form a team of six (6) students who will work together to create a Business Plan. In some cases, the professor may allow 5 or 7 students to be in a group due to extenuating circumstances. Each student must be in a group by the end of the 3rd class.

Assignment Details

Individual Market Analysis Assignment Details (3+12% of Grade)

Objective:

The purpose of these assignments is for you to independently flesh out a feasible business (or non-profit venture) idea and conduct market research related to this idea. This will help ensure that all group members contribute to the overall business plan developed by the group. You should also hone your Internet searching and reference skills.

Preparation for this Assignment:

- Begin by thinking up several business ideas that you are interested in, or that may assist you in your job search.
- Search the Internet thoroughly to research topics and data of interest to your business idea. Be sure to keep track of any referenced data and your sources of information.
- Decide whether to focus on the same business as your group, or whether you prefer to perform this analysis on your own idea.

Assignment 1 Question (3%):

1. Outline an idea for a business that you think is likely to be successful. Your answer should explain what the value proposition for this business is, or what pain your solution solves and for whom. Why do you believe the business has the potential for success? (3 marks)

Assignment 2 Questions (12%):

1. Outline an idea for a business that you think is likely to be successful. Your answer should explain what the value proposition for this business is and/or what pain your solution solves and for whom. Why do you believe the business has the potential for success? (3 marks)

2. Analyze the market for your business idea. Describe and provide references for the ADDRESSABLE size of the market opportunity (don't just reference lots of Big Useless Numbers that have little to do with your addressable market size). Describe the target market (i.e. your CUSTOMER) in more detail and provide references to support your belief that this market will be interested in your idea. Define the competitors and reference their websites. What other useful information for business planning did you get from your research? (6 marks)

ENT500 – NEW VENTURE STARTUP

3. You must demonstrate how this business will generate revenues. Explain the revenue model for this business. About how much will you charge and for what specific product/services? (3 marks)

Length Limitations

Assignment 2 should be about 1000 words in total (500 words max for Assignment 1). Any specific data, charts or graphs should be shown in an appendix. Provide at least 6 references for Assignment 2.

Handing in the Assignment:

This assignment is to be handed in by hard copy to the Professor at the beginning of class on the due date, and via Turnitin.com. If you do not yet have a turnitin.com account, you can create one from the site's main page at <http://www.turnitin.com>. The Class ID and Password to submit your assignment can be found on Blackboard.

Sales Forecast Assignment Details (15% of Grade)

Objective:

The purpose of this assignment is for your group to flesh out a feasible sales forecast that supports the viability of your business plan. The Sales Forecast demonstrates how well you understand your costs, key business drivers, ability to gain customers, and how much your customers will pay. This assignment will also enable the professor to provide input into your project before the final business plan is completed.

Preparation for this Assignment:

Start by downloading the sample financial forecast template spreadsheet(s) from Blackboard. The spreadsheet is set up for a variety of products sold at different prices. Depending on the nature of your business, you will almost certainly need to make significant changes, or, more likely, start from scratch.

Identify all sources of revenue and costs for your business. Record these on the sheet (e.g. Product 1 = Advertising Revenue, Product 2 = Consultants Fees, Product 3 = per unit commission). In some cases, you may decide to have separate line items for different customers or demographic or geographic segments. In some cases, the costs will be driven by a percent of the revenues. It is important that the structure of the spreadsheet reflect the structure of your business model.

Assignment Deliverables:

1. Complete the forecast and cash flow data for Years 1 - 3. Year 1 data is to be calculated on a monthly basis, Years 2 & 3 on a quarterly basis. The Income Statement, Balance Sheet and Cash Flow Statements should be generated automatically so that any changes to the underlying assumptions or data will be reflected in these financial statements. Be sure that you understand how the spreadsheet works and that there are no mistakes in transforming the underlying figures into the final statements.
2. Be sure to account for any shortfall in cash requirements. If you anticipate requiring outside sources of financing, be sure to state how much you anticipate and from where.
3. Be sure to PAY YOURSELVES an appropriate rate for the increased risk of starting up a new company. You may defer salaries for some amount of time, but you must show how this company will eventually compensate you.
4. Prepare a word document providing Notes to the financial statements and stating the assumptions you have made for your forecast and explaining why you think your numbers are reasonable.

If you have a number of product or service lines, think about what percentage of your revenues you expect to gain from each line. For example, if you think your revenues will be based on 25% advertising, 50% B2C sales and 25% B2B sales, explain why you think this percentage breakdown is reasonable.

Handing in the Assignment:

Documents must be submitted electronically by e-mail to sgedeon@ryerson.ca and as a hard copy

ENT500 – NEW VENTURE STARTUP

report before class starts. Submit only one spreadsheet and word document per group.

Final Business Plan Assignment 35%

The Business Plan is to be written as a professional business report. The objective is to impress the reader to join or support your venture in some capacity (e.g. investor, banker, supplier, landlord, board director or advisor). The plan must instill confidence so the students must substantiate their gut feelings with marketplace facts using documented sourced secondary and primary research. The quality of the format, visual appeal and correct use of English and grammar are very important so sloppy or poorly written plans may receive a grade of zero.

Further details of the business plan format and guidelines will be provided in class.

OTHER COURSE ISSUES

All communication about the course or material related to the course will be posted on the Blackboard course site. In addition, all student study resources can be accessed through Blackboard. Students are expected to check the site regularly for updates.

Use of Turnitin:

Ryerson has subscribed to a service called Turnitin.com which helps professors identify plagiarism and helps students maintain academic integrity. You agree, by taking this course, that all required papers are subject to submission to this service. You may be asked to submit your papers directly to Turnitin.com or your professor may choose to submit your papers. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the terms of use agreement posted on the Turnitin.com site.

If you do not want your work submitted to this plagiarism detection service you must, by the end of the second week of class, consult with your instructor about the alternative requirements. You may be required to submit annotated bibliographies (with comments), periodic drafts, and/or copies of all source articles and websites.

When an instructor has reason to suspect that an individual piece of work has been plagiarized, the instructor shall be permitted to submit that work to any plagiarism detection service.

POLICIES AND COURSE PRACTICES

Course Management

Every effort will be made to manage the course as stated. However, adjustments may be necessary during the term at the discretion of the instructor. If so, students will be advised, and alterations will be discussed prior to implementation. **Students will be informed of any alterations through email and/or announcements on Blackboard.**

Academic Consideration

- Students must submit assignments on time. **Failure to do so will result in a penalty of 25% per day including weekends.**
- Assignments submitted for grading will be handed back within 2 weeks, except for the final Business Plan.
- There will be no penalty for work missed for a JUSTIFIABLE REASON. Students need to inform the instructor of any situation that arises during the semester that may have an adverse affect on their academic performance, and request any necessary considerations according to the policies and well in advance. Failure to do so will jeopardize any academic appeals.
 - **Medical certificates** –If a student is going to miss a deadline for an assignment, a test or an examination because of illness, he/she must submit a medical certificate (see www.ryerson.ca/senate/forms/medical.pdf for the certificate) to the instructor within 3

ENT500 – NEW VENTURE STARTUP

working days of the missed assignment deadline, test or examination.

- **Religious observance** – If a student needs accommodation because of religious observance, he/she must submit a formal request to the instructor within the first two weeks of the class or for a final examination within 5 working days of the posting of the examination schedule.
- **Students with disabilities** – In order to facilitate the academic success and access of students with disabilities, these students should register with the Access Centre www.ryerson.ca/accesscentre/. Before the first graded work is due, students should also inform their instructor through an "Accommodation Form for Professors" that they are registered with the Access Centre and what accommodations are required.
- **Regrading or recalculation** – These requests must be made to the instructor within 10 working days of the return of the graded assignment to the class. These are not grounds for appeal, but are matters for discussion between the student and the instructor.
- Other valid reasons must be approved by the instructor in advance. If you do not have a justifiable reason for an absence, you will not be given credit or marks for the work missed during that absence.
- For more detailed information on these issues, please refer to Pol#134 at www.ryerson.ca/senate/policies/ (Undergraduate Academic Consideration and Appeals) and Pol#150 www.ryerson.ca/senate/policies/ (Accommodation of Student Religious Observance Obligations).

Academic Integrity

- Students are required to adhere to all relevant University policies, such as the Student Code of Academic Conduct. University regulations concerning unacceptable academic conduct (cheating, plagiarism, impersonation, etc.) will be followed. See the Ryerson University calendar or online versions at <http://www.ryerson.ca/senate/policies/pol60.pdf> and <http://www.ryerson.ca/senate/policies/pol61.pdf> and <http://www.ryerson.ca/studentguide/Introduction9.html> for more explanation.
- Plagiarism is a serious academic offence and penalties range from zero in an assignment all the way to expulsion from the university. In any academic exercise, plagiarism occurs when one offers as one's own work the words, data, ideas, arguments, calculations, designs or productions of another without appropriate attribution or when one allows one's work to be copied. (See the Ryerson Library for APA style guide references: www.ryerson.ca/library/ref/style.html).
- It is assumed that all examinations and work submitted for evaluation and course credit will be the product of individual effort, except in the case of team projects arranged for and approved by the course instructor. Submitting the same work to more than one course, without instructors' approval, is also considered plagiarism.
- **NOTE:** Students may not drop a course when they have been notified of the suspicion of academic misconduct. If a student attempts to drop the course, the Registrar's office will re-register the student in that course until a decision is reached.
- When an instructor has reason to suspect that an individual piece of work has been plagiarized, the instructor shall be permitted to submit that work to any plagiarism detection service.
- For more detailed information on these issues, please refer to the Student Code of Academic Conduct (see Pol#60 at www.ryerson.ca/senate/policies/ and the Academic Integrity Website (www.ryerson.ca/academicintegrity)).

Standard for Written Work (as noted above)

- Students are expected to use an acceptable standard of business communication for all assignments, in-class discussions, and communication with each other and the professor. This includes all email communication. Sloppy, poorly written, or unprofessional documents or communication may be returned with a grade of zero, no grade or unread!

ENT500 – NEW VENTURE STARTUP

- You are encouraged to obtain assistance from the Writing Centre (<http://www.ryerson.ca/writing-centre>) for help with your written communications as needed. (See the Ryerson Library for APA style guide references: <http://www.ryerson.ca/library/ref/style.html>).

Academic Grading Policy

- Evaluation of student performance will follow established academic grading policy outlined in the Ryerson GPA Policy (See Pol#46 at www.ryerson.ca/senate/policies/). The grading system is summarized below:

| Definition | Letter Grade | Grade Point | Conversion Range |
|-------------------|---------------------|--------------------|-------------------------|
| Excellent | A+ | 4.33 | 90-100 |
| | A | 4.00 | 85-89 |
| | A- | 3.67 | 80-84 |
| Good | B+ | 3.33 | 77-79 |
| | B | 3.00 | 73-76 |
| | B- | 2.67 | 70-72 |
| Satisfactory | C+ | 2.33 | 67-69 |
| | C | 2.00 | 63-66 |
| | C- | 1.67 | 60-62 |
| Marginal | D+ | 1.33 | 57-59 |
| | D | 1.00 | 53-56 |
| | D- | 0.67 | 50-52 |
| Unsatisfactory | F | 0.00 | 0-49 |