

UNIVERSITY OF WISCONSIN – MILWAUKEE

SCHOOL OF BUSINESS ADMINISTRATION

216-447 Entrepreneurship - Section 1
Three Credit Course – Spring Term 2011
Class: Wednesday, 5:30-8:10 PM
Class Room: Lubar N116

COURSE SYLLABUS

Instructor: Jim Hunter Office: BUS N386 Office Phone: 229-2560 (Not used)
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Office Hours: One Hour Before Class or By Appointment

Course Description:

The course provides a study of creation, growth or acquisition of a business through entrepreneurial efforts. It examines the nature of the entrepreneurial process and the organization of growth-oriented companies. Topics include research of markets, methods of financing, venture capital, leveraged buy-outs and acquisitions. It also reviews the legal and tax aspects, valuation, and planning techniques necessary to a successful venture.

The course utilizes the case method as the basis of study, supplemented by frequent lecturers, such as venture capitalists, lawyers, entrepreneurs and bankers, who bring specific practical talents to the course.

Course Objectives:

1. To provide a disciplined look at the entrepreneur and the small business enterprise;
2. To provide an overview of the small business entrepreneur arena in order to help students in their personal evaluations of their own skills, talents and potentials as entrepreneurship may or may not relate to their careers.

Texts:

1. Katz & Green – *Entrepreneurial Small Business, Second Edition* – (ESB) - Purchase
3. *Cases, Notes & Readings*, (Casebook), UWM Bookstore for Business Administration 447 - Entrepreneurship - Purchase
4. Handouts - to be distributed as appropriate throughout the course and items on Electronic Reserve.

Class Comments - Projects:

Term Team Project: Teams of three to five students will prepare a team project to be completed during the course of the semester. Students are to form their own project teams by the time of the third class meeting. Class member profiles will be distributed during class number 2. Team members should have diverse backgrounds to provide strengths in each major discipline (marketing, accounting, operations, etc.) so that the project will have balanced coverage of each major business function. Project topics must be submitted by class number 5. Restaurants and nightclubs cannot be the new venture projects unless the team can convince the Instructor that the concept is very unique and that team members or advisors to the team have extensive experience in the field. The term team project will be:

A proposal for a new venture. This should be presented in prospectus form, and should include an executive summary, an appraisal of need, identification of the market, development of a marketing plan, statement of operating considerations, analysis of competition plus projected balance sheets, income statements and statements of cash flows. It should be presented in a manner suitable for potential investors.

Team members will be asked to evaluate participation of team members. Sample evaluation forms will be distributed early in the course so that each team member will know the factors on which that team member will be evaluated.

Sample New Venture Reports from previous Entrepreneurship classes are on reserve in the library. It is required that students review these reports within the first few weeks of the course to gain an understanding of the nature of the report required.

Ground Rules:

1. All written papers must be word processed and submitted via the “Drop Box” on the Desire2Learn (D2L) course Web site before class time on the date due or submitted in hard copy at class time. If you have difficulty using the D2L Web site, please contact the Instructor for assistance.
2. The D2L Web site will be used throughout the course. Some communication between instructors and students will be by email. Each student must have an email address.
3. Seven “mini-reports” will be required. These will usually consist of a four-page analysis of the essence of the case at hand, and these required written analyses are shown in the “assignment” sections for each class as shown in this syllabus.
4. Students will be required to answer questions on assigned readings (Reading Notes) and submit these answers to the “Drop Box” in the D2L Web site by class time of the date due or submitted in hard copy at class time.
5. Participation in class will generally be done on a random selection basis. **Attendance is very important.** Class participation will be graded and students are asked to fill out participation cards for each class in which the student participated in the class discussion, presented an entrepreneurship story or questioned a guest.
6. Students are asked to look for interesting entrepreneurship situations to share with the class at the beginning of each class. This can be a new venture, a buyout or another type of innovation for potential economic benefit. (Note: An example of such an entrepreneurship vignette was given by the Instructor at the beginning of the first class of the semester.)
7. Grading: The grading in the course is determined by several factors:
 - One-third of grade - Attendance, attitude, participation in class, and completion of reading notes;
 - One-third of grade - Performance on “mini” reports (Note: One report can be turned in late without penalty; the second late report carries a one letter grade penalty; if a student has more than two late reports this lateness must be discussed with the Instructor.)
 - One-third of grade - Term team project and final exam.

CLASS SYLLABUS

216-447

Class Schedule – Spring 2011

1-26-11 Class 1

- Discussion of Course Objectives
- Discussion of Class Plan
- Class Procedures
- Guest Lecturers
- Individual Discussion - Introductions
- Discussion of Entrepreneurship
- Discussion of Case Analysis Techniques and Requirements

Assignment for Class 2

- A. Read: ESB – Ch 1 – Small Business: Its Opportunities & Rewards – pgs. 1-23
ESB – Ch 2 – Small Business Ethics: A Key to Long-Term Success – pgs. 24-53
Consumer Products Imports Case – Sample Case Write-Up – Casebook Sect. 2
Business Plan Instructions – How to Write a Business Plan – Casebook Sect. 22
Break-Even Point – Casebook Sect. 4
- B. Prepare: Reading Notes
Report on R & R Case – Casebook Sect. 1
Four page, maximum, report on your answers to questions:
#1. What factors created the opportunity?
#2. What obstacles did Reiss have to overcome to exploit the opportunity?
#3. How did he actually overcome them?
#4. How much did Reiss pocket (pre-income tax) from this venture? Hint: prepare a rough income statement for Trivia, Inc. and also for Bob's rep company – R & R.

2-2-11 Class 2

- A. Turn in: Reading Notes
Report on R & R Case
- B. Discussion: ESB – Ch 1 – Small Business: Its Opportunities & Rewards – pgs. 1-23
ESB – Ch 2 – Small Business Ethics: A Key to Long-Term Success – pgs. 24-53
Consumer Products Imports Case – Sample Case Write-Up – Casebook Sect. 2
Business Plan Instructions – How to Write a Business Plan – Casebook Sect. 22
Break-Even Point – Casebook Sect. 4
Discuss R & R Case – Casebook Sect. 1
- C. View: Video on R & R Case
- D. Group: Group forming time in class (15 min.)
- E. Guest: Ryan Mason, Founder & CEO, ROAST, inc.

Assignment for Class 3

- A. Read: ESB – Ch 3 – Small Business Entrepreneurs: Characteristics & Competencies – pgs. 54-75
ESB – Ch 4 – Small Business Ideas: Creativity, Opportunity, and Feasibility – pgs. 76-114
ESB – Ch 10 – Small Business Promotion: Capturing the Eyes of Your Market – pgs. 304-337
General comments on the Deaver Brown Case – Casebook Sect. 11
- B. Prepare: Reading Notes
Deaver Brown & Cross River Case – Casebook Sect. 10 – A written word-for-word ten-minute sales presentation to the buyer and a “grading sheet” showing four criteria (hint: read The Process of Personal Selling – pages 316-319 ESB) to grade the presentations that three selected students will give in class. Each student including those who will give their presentations in class must submit a written ten-minute narrative. If your surname begins with A through H prepare your presentation for the K-Mart buyer. If you surname begins with J through Z prepare your presentation for the Macy’s buyer. A buyer guest will be in class for students selected in advance to give their presentations.
- C. Form: Term project teams - 3 to 5 members per team

2-9-11 Class 3

- A. Turn In: Reading Notes
Term Project Team Member Names
Deaver Brown & Cross River Case – Casebook Sect. 10 – (1) Sales presentation write-up and (2) “grading sheet” listing four grading criteria for sales presentations. Note: Use the general comments on the Deaver Brown Case – Casebook Sect. 11 as an aid in preparing the sales presentation write-up.
- A. Discuss: ESB – Ch 4 – Small Business Ideas: Creativity, Opportunity, and Feasibility – pgs. 76-114
ESB – Ch 10 – Small Business Promotion: Capturing the Eyes of Your Market – pgs. 304-337
ESB – Ch 3 – Small Business Entrepreneurs: Characteristics & Competencies – pgs. 54-75
Deaver Brown & Cross River Case (Role Play)
- D. View: Video on Deaver Brown
- E. Guest: Leonard Goldstein, Executive-in-Residence, UW-M

Assignment for Class 4

- A. Read: *Small Business Planning and Management*
Ch. 17 – Financial Management – Casebook Sect. 9
RMA Ratios – Handout
ESB – Ch 8 – Business Plans: Seeing Audiences and Your Business Clearly – pgs. 202-265
- B. Prepare: Reading Notes
Lift Truck Attachments Case – Casebook Sect. 8. Complete the beginning financial statements and projections for the second 6 months of FY ’91, all of FY ’91 and all of FY ’92 including income statement, balance sheet and statement of cash flows.
- C. Schedule: Schedule a team meeting during the week after this next class with Mr. Hunter to discuss the term team project description

2-16-11 Class 4

- A. Turn in: Reading Notes
Report on Lift Truck Attachments Case, 3 Forms
- B. Discuss: *Small Business Planning and Management*
Ch. 17 – Financial Management – Casebook Sect. 9
RMA Ratios – Handout
ESB – Ch 8 – Business Plans: Seeing Audiences and Your Business Clearly – pgs. 202-265
Lift Truck Attachments Case – Casebook Sect. 8
- D. Group: Group discussion time – (15 min.)
Brainstorm topics in teams
- E. Guests: Dave Hibler & Tyler Galganski – Co-Owners Forever Lazy

Assignment for Class 5

- A. Read: ESB – Ch 15 – Small Business Finance: Using Equity, Debt, and Gifts – pgs. 482-514
Understanding Financial Reports – Casebook Sect. 6
- B. Prepare: Reading Notes
Milwaukee Machining Inc. Case – Casebook Sect. 5. Two-page report, maximum, answering the following questions:
As a loan committee member at the Park Bank, would you approve the request? Why or why not?
- C. Determine: Term Team Project Topic Description, one page
- D. Schedule: Schedule a team meeting with Mr. Hunter to discuss the term team project description

2-23-11 Class 5

- A. Turn in: Reading Notes
Term Team Project Topic Description, one page
Report on Milwaukee Machining Inc. Case
- B. Discuss: ESB – Ch 15 – Small Business Finance: Using Equity, Debt, and Gifts – pgs. 482-514
Understanding Financial Reports – Casebook Sect. 6
Milwaukee Machining Case – Casebook Sect. 5
- C. Group: Group discussion time (15 min.)
- D. Guest: Craig Schmutzer, Senior Vice President, Park Bank

Assignment for Class 6

- A. Read: ESB – Ch 6 – Small Business Entry: Paths to Full-Time Entrepreneurship – pgs. 140-169
ESB – Ch 7 – Small Business Strategies: Imitation with a Twist – pgs. 170-200
Present Value of \$1 – Casebook Sect. 13
Analyzing Your Business – Casebook Sect. 14
- B. Prepare: Reading Notes
Plastic Molding Company Case – Casebook Sect. 12. Four page, maximum, report on:
What is your bid for Plastic Molding Company? Give your valuation of the company using the three valuation approaches: (1) restated book value, (2) current market value using earning multiples, and (3) discounted future cash flow analysis). Give reasons for arriving at your bid. Also, list terms and conditions for your offer to purchase (such as: dollar amount down, amount to be paid on a promissory note over time, consulting payments to the previous owner, payments on a non-compete agreement, whether it is a purchase of stock or a purchase of assets, etc.)
Term Project Progress Report - Market Research Plan (This is your plan; results of your research are to be reported at class 8.)
- D. Schedule: Schedule a team meeting with Mr. Hunter to discuss the market research plan

3-2-11 Class 6

- A. Turn in: Reading Notes
Market Research Plan (This is your plan; results of your research are to be reported at class 8.)
Report on Plastic Molding Company Case
- B. Discuss: Present Value of \$1 – Casebook Sect. 13
ESB – Ch 6 – Small Business Entry: Paths to Full-Time Entrepreneurship – pgs. 140-169
ESB – Ch 7 – Small Business Strategies: Imitation with a Twist – pgs. 170-200
Analyzing Your Business – Casebook Sect. 14
Plastic Molding– Prepare for negotiation
- C. Group: Group discussion time – (15 min.)

Assignment for Class 7

- A. Read: ESB – Ch 11 – Small Business Distribution and Location – pgs. 338-374
ESB – Ch 12 – Marketing Plans: Saying How You'll Get Sales – pgs. 376-402
ESB – Ch 18 – Legal Issues: Recognizing Your Small Business Needs – pgs. 598-600
- B. Prepare: Group preparation for Plastic Molding Company negotiation

3-9-11 Class 7

- A. Turn in: Reading Notes
- B. Discuss: ESB – Ch 11 – Small Business Distribution and Location – pgs. 338-374
ESB – Ch 12 – Marketing Plans: Saying How You'll Get Sales – pgs. 376-402
ESB – Ch 18 – Legal Issues: Recognizing Your Small Business Needs – pgs. 598-600
- C. Conduct: Plastic Molding Company Case – Negotiation
- D. Schedule: Schedule a team meeting during the week after this next class with Mr. Hunter to discuss the Market Research Results, plus "Definition of the Market", "Description of Products & Services" and "Marketing & Sales Strategy" sections of the business plan.

Assignment for Class 8

- A. Read: ESB – Ch 6 – Small Business Entry: Paths to Full-Time Entrepreneurship – pgs. 159-163
- B. Prepare: Reading Notes
Michael Bregman Case – Casebook Sect. 7 - ready to answer the following questions in class:
- #1. What strategic issues must Michael face in managing expansion of his business?
 - #2. What strategy should he pursue:
 - * regarding franchising?
 - * regarding Mmmuffins versus Michel's Baguette?
 - #3. What should Michael do about the offer for several Mmmuffins locations?
 - #4. What key factors must Michael manage to make his strategy successful?
- Term Project Progress Report - Market Research Results, plus "Definition of the Market", "Description of Products & Services" and "Marketing & Sales Strategy" sections of the business plan
- C. Schedule: Schedule a team meeting with Mr. Hunter to discuss the Market Research Results, plus "Definition of the Market", "Description of Products & Services" and "Marketing & Sales Strategy" sections of the business plan

3-16-11 Class 8

- A. Turn in: Reading Notes
Term Project Progress Report - Market Research Results, plus "Definition of the Market", "Description of Products & Services" and "Marketing & Sales Strategy" sections of the business plan
- B. Discuss: ESB – Ch 6 – Small Business Entry: Paths to Full-Time Entrepreneurship – pgs. 159-163
Michael Bregman Case
- C. View: Michael Bregman Video
- D. Guest: Paul Stewart, Principal, PS Partners

Assignment for Class 9

- A. Read: Drucker – Entrepreneurial Strategies – Handout
- B. Prepare: Reading Notes
International Negotiation Case – Casebook Sect. 29. Be prepared to discuss in class how, as the American business owner, you would conduct the negotiation session with the Chinese supplier. What would be your desired outcome and what negotiation points would support that outcome?
Term Team Project – Organization and Management portions of the Business Plan
- C. Schedule: Schedule a team meeting with Mr. Hunter to discuss the Organization and Management portions of the Business Plan

3-30-11 Class 9

- A. Turn in: Reading Notes
Operations and Management portions of the Business Plan
- B. Discuss: Drucker – Entrepreneurial Strategies – Handout
International Negotiation Case – Casebook Sect. 29
- C. Guest: Marilyn Holt-Smith, CEO, Holt-Smith Advisors

Assignment for Class 10

- A. Read: Bankruptcy –A Teaching Note – Casebook Sect. 24
Highlights of Bankruptcy Abuse Act of 2005 - Casebook Sect. 23
ESB Part of Ch. 20 – Closing the Small Business – Pgs. 661-665
- B. Prepare: Reading Notes
Pacer Inc Case - Casebook Sect. 21 – Three page report, maximum, answering the following questions: If your surname begins in A-H take the role of the owner of the company and (1) describe your desired outcome in a negotiation with the bank; (2) list the negotiation points and justification that you would present to the bank to support your position. If your surname begins with an J-Z take the role of the bank and (1) describe your desired outcome in a negotiation with the owner; (2) list the negotiation points and justification that you would present to the owner to support your position. (Consider the viability of the business in determining your desired outcomes.)
Three troubled company vignettes – read and be prepared to discuss:
- ABC Printing Company – Casebook Sect. 25
 - Old Wisconsin Brewery – Casebook Sect. 26
 - Patient Security Case – Casebook Sect. 27

4-6-11 Class 10

- A. Turn in: Reading Notes
Report on the Pacer Inc. Case (If your surname begins with A-H take the position of the owner; if your surname begins with J-Z take the position of the bank.)
- B. Discuss: ESB Part of Ch. 20 – Closing the Small Business – Pgs. 661-665
Bankruptcy –A Teaching Note – Casebook Sect. 24
Highlights of Bankruptcy Abuse Act of 2005 - Casebook Sect. 23
Pacer Inc Case - Casebook Sect. 21 – discuss and role play negotiation
Three troubled company vignettes:
- ABC Printing Company – Casebook Sect. 25
 - Old Wisconsin Brewery – Casebook Sect. 26
 - Patient Security Case – Casebook Sect. 27
- Discussion time term project
- C. Guest: Peter Blain, Attorney, Reinhart Boerner Van Deuren SC

Assignment for Class 11

- A. Read: ESB – Ch 18 – Legal Issues: Recognizing Your Small Business Needs – pgs. 584-618
Tax Considerations in Choice of Entity Decision – Casebook Sect. 15
- B. Prepare: Intellectual Property Cases. Select one of the four vignettes on intellectual property and write a one-page analysis answering the question posed in the case:
- Pooper Scooper Patent Case – Casebook Sect. 17
 - Handle-It Trademark Case – Casebook Sect. 18
 - Creative Label Trademark Case – Casebook Sect. 19
 - Computer Software Copyright Case – Casebook Sect. 20
- Choice of Entity Problem Set – Casebook Sect. 16. Write a two-page, maximum, written Analysis answering all three problem set questions.
- Note: total of two brief reports are to be written
- Term Team Project – Financials and Financial Management section of the Business Plan
(This includes three years' income statements, balance sheets and statements of cash flow – first year of each by month.)
- C. Schedule: Schedule a team meeting with Mr. Hunter to discuss Term Project Financials

4-13-11 Class 11

- A. Turn in: Reading Notes
Term Team Project – Financials and Financial Management section of the Business Plan
Reports on all three Choice of Entity problems and one Intellectual Property case
- B. Discuss: ESB – Ch 18 – Legal Issues: Recognizing Your Small Business Needs – pgs. 584-618
Tax Considerations in Choice of Entity Decision – Casebook Sect. 15
Intellectual property cases
- Pooper Scooper Patent Case – Casebook Sect. 17
 - Handle-It Trademark Case – Casebook Sect. 18
 - Creative Label Trademark Case – Casebook Sect. 19
 - Computer Software Copyright Case – Casebook Sect. 20
- Choice of Entity Problem Set – Casebook Sect. 16
- C. Guests: Les Miller & Dan Cooper, Attorneys, Reinhart Boerner Van Deuren S.C.

Assignment for Class 12

- A. Prepare: The DAG Group case – Casebook Sect. 28, ready to discuss the following questions in class:
- #1. Should Chris and Val make a serious offer to the Superb owner?
 - #2. Should Chris and Val look for other acquisitions?
 - #3. Should Chris and Val attempt to start a new store?
 - #4. Should Chris and Val give up on dry cleaning?
- Explain your answers.

4-20-11 Class 12

- A. Turn in: No assignment to turn in
- B. Discuss: DAG Group Case – Casebook Sect. 28
- C. Group: Group discussion time – (15 min.)
- D, Guest: Alan Katz, Founder & Former Owner, Katz Bagels

Assignment for Class 13

- A. Prepare: New Venture Report Presentations

4-25-11 Turn in New Venture Report – 3 copies – James Hunter Mailbox – BUS 4th Floor – due by 12:00 Noon, Monday, April 25, 2011

4-27-11 Class 13

- A. Present: New Venture Report Presentations
- B. Guests: Two investors/critics to be announced

Assignment for Class 14

- A. Prepare: New Venture Report Presentations

5-4-11 Class 14

- A. Present: New Venture Report Presentations
- B. Guests: Two investors/critics to be announced

Assignment for Class 15

None

5-11-11 Class 15

- A. Discuss: Surprise case discussion - Handout in class
Final lecture and discussion

5-18-11 FINAL EXAM

Open Book - a case analysis – handout

**University of Wisconsin-Milwaukee
Sheldon B. Lubar School of Business
(to be attached to all course syllabi)**

Statement of Academic Misconduct

Chapter UWS 14, entitled “Student Academic Disciplinary Procedures,” of the Wisconsin Administrative Code contains rules enacted by the University of Wisconsin Board of Regents that apply to all University of Wisconsin–Milwaukee students. Section 14.01 states, “The Board of Regents administrators, faculty, academic staff and students of the University of Wisconsin System believe that academic honesty and integrity are fundamental to the mission of higher education and of the University of Wisconsin System. The University has a responsibility to promote academic honesty and integrity and to develop procedures to deal effectively with instances of academic dishonesty. ... Student who violate these standards must be confronted and must accept the consequences of their actions.”

Statement of Sexual Harassment

Sexual harassment is reprehensible and will not be tolerated by the University. It subverts the mission of the University and threatens the careers, educational experience, and well being of students, faculty, and staff. The University will not tolerate behavior between or among members of the University community which creates an unacceptable working environment.

Discriminatory Conduct

The University of Wisconsin-Milwaukee remains steadfastly committed to the principles of academic freedom. This commitment requires an equally strong obligation to foster respect for the dignity and worth of each individual. Without this respect, the principles of academic freedom become meaningless. Moreover, relationships such as student-faculty and employee-supervisor have inherent power differences that compromise some persons' ability to protect their own rights. Therefore, this University must provide an environment that respects the value of each individual and which does not tolerate discriminatory conduct of any kind.

University Policies Regarding Change of Registration/Adding and Dropping or Withdrawal from Classes

After initial registration, students have the opportunity to modify their class schedule by adding, dropping or withdrawing from classes during specific periods prior to the start of the semester. Such changes can be made without financial penalty until shortly before the start of the term (or before the start of a particular summer session). However, significant financial penalties can apply for changes made beyond the appropriate deadline, and some departments have unique deadlines and approval requirements governing how and when students may add and drop particular courses. Some academic programs also require their students to obtain specific approval for adding or dropping courses. Consult the most recent *Schedule of Classes* for dates, deadlines and procedures or contact the Business School Undergraduate Student Services office.

University Policies Regarding Repeating Courses

Unless a restriction is stated in the *Schedule of Classes*, undergraduates may repeat any course **only once**. Under exceptional circumstances, one more repeat may be allowed following approval of a written appeal to the advising office of the student's school or college. Except in the case of courses with variable content (which may be repeated for credit as often as permitted for that particular course, as specified in UWM Bulletins), both grades earned for repeated courses will appear on the student's academic record, but only the higher grade will be calculated into the grade point average. Students illegally repeating courses will be dropped, and "WR" will be assigned to the course on the student's academic record.

Students who took a course as a repeat prior to Fall 1988 are entitled to one additional enrollment. Transfer students who did not previously take a course at UWM are entitled to one repeat at UWM of a course taken at a previous institution.

In courses of limited enrollment, qualified students who have not taken the course previously have priority. It is generally advisable for any student to consult an advisor before registering to repeat a course.

University Policy Regarding Incompletes

An Incomplete may be given to a student who has carried a subject successfully until near the end of the semester but, because of illness or other unusual and substantiated cause beyond that student's control, has been unable to take or complete the final examination or to complete some limited amount of term work. An Incomplete is not given unless the

student proves to the instructor that s/he was prevented from completing course requirements for just cause as indicated above.

A course marked Incomplete must be completed during the next succeeding semester, excluding summer sessions and UWinterIM. If the student does not remove the Incomplete during this period, the report of "I" will lapse to "F".

University Change of Grade Policy and Procedures

The following is from UWM Faculty Document No. 1927, May 12, 1994, entitled "Policies on Grading and Grade Records". Grade or Record Changes. Instructors may not change a semester grade after the grade sheet has been submitted to the Registrar except for an inadvertent error in determining or recording the grade. Any change in a student's grade or record, including retroactive change to drop, withdrawal, or incomplete, must receive the approval of the Dean of the School or College in which the student was enrolled at the time the course was taken.

Special Accommodations

If special accommodations are needed in order to meet any of the requirements of the course, please contact the professor as soon as possible. Students will be allowed to complete examinations or other requirements that are missed because of a religious observance.