

**MGMT 806-001: Formation and Implementation of Entrepreneurial Ventures**  
**Spring Semester 2008**  
**Monday 3:00-6:00pm**

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Office Hours: by appointment

This course is an advanced course in entrepreneurship, which focuses on creation and implementation of business start-ups. The work load is high: you will be required to complete a major assignment virtually every week and the final project is a comprehensive business plan.

The course includes lectures, case studies, guest lecturers and time to discuss your projects in class. You are expected to participate and should expect to be cold-called. If you have not already used the optional textbook, *The Entrepreneurial Mindset*, you need to become conversant with the use of Consumption Chain Analysis, Attribute Mapping and Discovery Driven Planning, since you will be required to use these tools for your project. There are a limited number of readings and case assignments scheduled in the course outline below, but the major learning will take place through application exercises and through researching and writing your business plans.

The structure of the course is a deliberate blend of three very different perspectives. Most of the course will be devoted to working as a class on the business plans of the groups. There will also be lectures and discussions based on research in the area of entrepreneurship done by the Snider Entrepreneurial Research Center. Students will be expected to apply these research findings to application exercises from which you will assemble a final business plan. The purpose of the applications exercises is to pace you through the many pieces of the business plan as you work through the course. The business plan is really a portfolio of mini-plans around important planning and implementation issues consolidated into a single document. Since this is a graduate course, I expect that you will be capable of integrating the materials and applying them to your specific project. The third component of the course will be devoted to a series of expert sessions presented by practitioners from the field that will lecture on their selected topic and then engage in discussion with the class.

To take this course you will have to join a project group of at least three. This needs to be decided in the first week of the program. If you do not belong to a group at the end of the first week please drop the course. You should go to the course WebCafe as soon as possible, and begin listing your project to attract team members.

Since you need to be in a group to take this course, there inevitably arises the possibility of some group members free-riding on the efforts of others. This practice will be discouraged by allowing group members to assign a "percentage of effort" weighting to the contributions of their fellow group members at the end of the course. Please carefully read the weighting system description below and make sure that you understand how this will be applied in the course.

The final output of the course will be a business plan for your proposed business and an investor presentation that you will pitch to a group of practitioners.

<b>Date</b>	<b>Course Contents</b>	<b>Readings</b>
1/28 Session 1	<b>Introduction: Framing your business proposition and idea generation</b>  Presentation of venture concepts and formation of project teams	Copeland (1), Sull (2), Dr. John's Products (3)  <b>Assignment:</b> Be prepared with at least one business idea to discuss in class

1/30 (?)	<b>Optional Special Session:</b> Choosing your project and finalizing a team with Jeff Becker	
2/4 Session 2	<b>Tools: Consumption Chain and Attribute Mapping</b>  <b>Speaker:</b> Professor Ian MacMillan <b>Guest Speaker:</b> The Evolution of a Business Plan	McGrath and MacMillan (4, 5, 6) Handbook: Section B
2/11 Session 3	<b>Discovery Driven Planning and Business Model Formulation</b>  <b>Case Study:</b> Keurig	Keurig (7), van Putten (8)  <b>Application Exercise 1:</b> Specify key behavioral segments for your offering and complete the Consumption Chain using Webcourse.
2/18 Session 4	<i>Individual Seminar sessions:</i> Discovery Driven Plans and Consumption Chains	<b>Application Exercise 2:</b> Complete DDP using Crystal ball
2/25 Session 5	<b>Business plans and financial plans</b>	Sahlman (9), McGrath & MacMillan (10) Handbook: Section D
3/3 Session 6	<b>Stakeholders' agreements; Case Study:</b> Ockham Technologies: Living on Razor's Edge  <b>Speaker:</b> Attorney on negotiating stakeholder agreements and legal structuring of startups.	Ockham (11) Handbook: Section E
3/17 Session 7	<i>Class Seminar session:</i> Milestone/assumption maps	<b>Application exercise 3:</b> Draft Market Analysis and Go to Market Strategy  Present milestones and assumption maps to class
3/24 Session 8	<b>Finding capital, critical negotiations, and negotiation strategy with potential investors.</b>	Handbook: Section F  <b>Application Exercise 4:</b> Draft Marketing and Operations Plan
3/31 Session 9	<b>Management Transitions, Venture Politics Analysis; Case Study:</b> Founder-CEO Succession at Wily Technology  <b>Speaker:</b> Life as a Hired Gun	Wily (12), MacMillan (13), Handbook: Section I
4/7 Session 10	<b>Exit strategies:</b> going public, trade sales, recaps, orderly wind-downs and bankruptcy	<b>Application Exercise 5:</b> The Offering to Investors
4/14 Session 11	<i>Individual seminar sessions:</i> Marketing and operations issues, financial strategy sanity check.	<b>Applications Exercise 6:</b> Draft Financial Strategy
4/21 Session 12	<b>Day 1:</b> Getting started, setting up shop, going to market, marketing on a shoestring, <b>The Art of Pitching</b>	Elsbach (14) Handbook: Section D
4/28 or 4/29 Session 13	Course wrap up: Pitch your plans to practitioners	<b>Application Exercise 7:</b> Investor Pitches presented in class  <b>Business plans due by May 5th</b>

The course grade will be a composite of the following:

Individual class participation 30%

Business plan 70%

If you elect to take this class you are assumed to agree to the following conditions:

1. You recognize that the course is graded to a curve, with the class average targeted to be 3.33.
2. You recognize that the instructor will take great care to grade as fairly and evenly as possible and will not discuss grades at the end of the course.

3. You recognize that a significant percentage of your grade will be dependent on group work and will therefore abide by the weighting score developed from your peer group members' ratings of your contribution.

IN ORDER TO MINIMIZE THE FREE RIDER PROBLEM IN GROUP WORK YOU WILL BE ASKED TO RATE THE CONTRIBUTION OF EACH OF THE GROUP MEMBERS BY ASSIGNING A PERCENTAGE SCORE TO EACH MEMBER IN THE **GROUP MEMBER EVALUATION FORM** BELOW. THESE SCORES WILL BE USED TO CALCULATE A WEIGHTING SCORE THAT WILL BE APPLIED TO THE INDIVIDUAL'S GROUP WORK AS FOLLOWS:

PERCENTAGE GIVEN TO TO A TO B TO C

PERCENTAGE GIVEN BY BY A NA 100 65  
 BY B 85 NA 55  
 BY C 75 100 NA  
 AVERAGE 80 100 60

GRAND AVERAGE  $(80 + 100 + 60)/3 = 80$

WEIGHTING = AVERAGE/GRAND AVERAGE =  $80/80$   $100/80$   $60/80$   
 1.0 1.25 0.75

SO IF GROUP WORK SCORE WAS 50 POINTS  
 A WOULD GET  $1.00 * 50 = 50$   
 B WOULD GET  $1.25 * 50 = 62.5$   
 C WOULD GET  $0.75 * 50 = 37.5$

### **GROUP MEMBER EVALUATION FORM**

GROUP NUMBER  
 GROUP LEADER

YOUR NAME: SOCIAL SECURITY NUMBER:

GROUP MEMBER'S NAME (PLEASE PRINT)	PERCENTAGE EFFORT

### **DO NOT RATE YOURSELF**

### **Grading of Business Plan**

The plan should be no more than 20-24 pages, 1 ½ space, 10 point.  
 Appendices can be an additional 10 pages, for a maximum of 30 pages  
 The following criteria will be used in grading your final written plan:

Section	Points	Description
Investor Pitch	20	Power Point presentation that would take no more than 8 minutes to pitch to potential investors that describes the concept, plan, and desirability of the venture.
Executive Summary	20	Clear, exciting & effective as a stand-alone overview of the venture. Think about a 2-3 pager that you would distribute as a marketing document when out raising money or attracting partners.

<i>Company, Products &amp; Services</i>	20	<i>Description of your offerings in terms of customer functions, segments, technologies and distribution channels. State the features, &amp; benefits of your product/service, your perceived value proposition; the current stage of development, proprietary position, etc.</i>
<i>Markets &amp; Strategy</i>	20	<i>Description of market opportunities; customer &amp; competitor analyses, industry &amp; competitive analysis. State and justify your overall business strategy, your competitive advantage; detailed descriptions of your business and revenue models, explain how and why you will “make it happen”. Use data &amp; apply analytical techniques.</i>
<i>Marketing &amp; Operations</i>	10	<i>Plans for production/delivery of product or services, details on distribution plans, product costs, required resources, detailed marketing &amp; sales plans.</i>
<i>Financial Section</i>	15	<i>Presented in summary form (follow GAAP). Complete analyses of financial plan, financing plan &amp; evaluation (quarterly for years 1- 2, annually for years 3 to 5). Apply analytical techniques.</i>
<i>Management &amp; Organization</i>	5	<i>Backgrounds of key individuals, ability to execute strategy, personnel needs, type of business, summaries of staffing requirements, organizational charts.</i>
<i>Offering</i>	5	<i>Proposal/terms to investors. Indicate how much equity you wish to raise, for what use, &amp; when it is needed. Elaborate on ROI, the proposed structure of the deal, &amp; possible exit strategies.</i>
<i>Appendices (maximum 10 pages)</i>	15	<i>Discovery Driven Plan with tornado chart and CheckPoint/Assumption table, Real options valuation, Consumption Chain with Attribute Map for major links, Venture politics analysis</i>

### Readings:

1. Copeland & Malik, “How to Build a Bulletproof Startup”, *Business 2.0*
2. Sull, “Disciplined Entrepreneurship”, *Sloan Management Review* Fall 2004
3. Case: Dr. John’s Products, Ltd [HBS 9-803-063]
4. “Discovering New Points of Differentiation” by R. Gunther McGrath and Ian C. MacMillan. *Harvard Business Review*, Vol. 75, no. 3, July-August 1997. pp 133-145
5. “Discover Your Products’ Hidden Potential” by R. Gunther McGrath and Ian C. MacMillan. *Harvard Business Review*, Vol. 74, no. 3, May-June 1996. pp. 58-73.
6. “Discovery-Driven Planning,” by R. Gunther McGrath and Ian C. MacMillan. *Harvard Business Review*, Volume 73, No. 4, July-August 1995. pp. 44-54.
7. Case: Keurig [HBS 9-899-180]
8. “Making Real Options Really Work” by A.B. Van Putten and Ian C. MacMillan. *Harvard Business Review* December 2004. pp 134-141.
9. “How to Write a Great Business Plan” by W.A. Sahlman, *Harvard Business Review*, July-August 1997
10. “MarketBusting: Strategies for Exceptional Business Growth” by R. Gunther McGrath and Ian C. MacMillan. *Harvard Business Review* March 2005. pp80-92.
11. Case: Ockham Technologies: Living on the Razor’s Edge [HBS 9-804-129]
12. Case: Founder-CEO Succession at Wily Technology [HBS 9-805-150]
13. “The Politics of New Venture Management,” by Ian C. MacMillan, *Harvard Business Review*, Nov./Dec., 1983.
14. Elsbach, “How to Pitch a Brilliant Idea”, HBR reprint R0309
15. Katzenberg (Editor), “The Entrepreneurial Guidebook”

**OPTIONAL Textbook: McGrath and MacMillan: “The Entrepreneurial Mindset”**