

The Wharton School
University of Pennsylvania

MANAGEMENT 230: Entrepreneurship

Course Syllabus – Spring 2011

Instructor: Lawrence Gelburd
Location: Jon M. Huntsman Hall
Time: Tuesdays and Thursdays, 3:00 pm to 4:20 pm

First class: Thursday, January 13, 2011

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Course Overview

Just as entrepreneurs must be flexible and balance breadth and depth in key business disciplines, students in MGMT 230 will be challenged to work independently as well as in a team; to conceptualize and develop a comprehensive business plan; and to deliver a professional presentation of the plan to the entire class. Balancing theory with practice and analysis with action are difficult and essential tasks for entrepreneurs. After completing this course, you should be able to evaluate and develop a professional quality business plan with appropriate assistance, understand the rewards and risks associated with entrepreneurial ventures, and understand the nature of the processes for transforming ideas into operational businesses.

MGMT 230 students are expected to do more than theorize the development of their business plan and model. All teams must present the results of primary and secondary research -- including investigating relevant trade journals, conferences, associations, and state and federal government issues -- to understand the forces shaping the markets for their products and services. The venture idea developed in the course should be an original effort of the team, not a reworking of someone else's efforts. The team must review all the areas described in the business plan. The venture must have real potential to provide very high net present value.

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The course has four key objectives:

- Experience the process of venture definition – form a team of five motivated students who define and develop a business opportunity.
- Analyze problems and synthesize solutions – Identify and evaluate the problems facing start-ups in general and yours in particular, then build viable solutions to those problems while balancing risks with rewards.
- Balance analysis with action and theory with practice – use the strengths of your team and its network of contacts to develop these essential skills.
- Write and present the plan – Having a well-researched and professional business plan is frequently necessary, though not sufficient, in obtaining financing for a new venture. A polished, comprehensive and realistic presentation helps excite potential investors about any new business.

Prerequisites

Management 230 is open to students who have completed at least one course each in Marketing, Management, OPIM, Accounting and Finance.

Instructor and Teaching Assistant Information

INSTRUCTOR: Lawrence Gelburd

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Office hours: *By advance appointment*

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Teaching Assistant:

Tiffany Chin

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Course Policies

Attendance

Class attendance is crucial to obtain the value of MGMT 230. All students are expected to be in class ***on time*** out of respect to the instructor and all other students. Please bring your name plate to every class as there will be over 30 students this semester. No laptops, cell phones, or other electronic equipment should be used during class.

Each student may miss two classes without penalty at their discretion, except those with a quiz or when their team will be presenting. Beyond those two, attendance is mandatory with the exception of documented medical and family emergencies. If the student misses any additional classes, their class participation grade and overall grade will be lowered.

Grading

Performance in the three following areas will determine your grade:

| | |
|---|-----|
| Business Plan – written plan and its presentation | 40% |
| • Written Plan – 20% | |
| • Presentation – 20% | |
| Business Plan – your individual contribution | 30% |
| • Team Peer Evaluations – 15% | |
| • Activity Diaries – 15% | |
| Class Participation | 30% |
| • Daily comments – 15% | |
| • Quizzes – 15% | |

Intellectual Property

In this class you are entirely responsible for protecting your intellectual property. Do not disclose any information which you do not want in the public domain. The instructor cannot sign any non-disclosure agreements related to this course.

Venture Teams

Each team will be comprised of five students responsible for the research and development inherent in converting a business idea into both a viable written business plan and a polished presentation of that plan. Every team must develop an original business plan. Teams and/or team members who substantively copy their plan's ideas or content from the internet or any other source will be reported to the Office of Student Conduct. Please read the Code of Academic Integrity (http://www.upenn.edu/provost/PennBook/academic_integrity_code_of) which states:

If a student is unsure whether action(s) constitute a violation of the Code of Academic Integrity, then it is that student's responsibility to consult with the instructor to clarify any ambiguities.

You should think through all the key aspects of a new business when evaluating an idea for your plan, including the nature and legality of the product or service, direct and indirect competition, barriers to entry, total and target markets, business strategy, risk and financial opportunities. Make sure you can clearly and concisely state the opportunity, i.e. the needs and desires your product or service fulfills. The plan should have the potential to deliver an unusually high return on investment. ***Simple plans for real estate development, restaurants, dry cleaners, pizza shops and the like are not sufficient for this course. When in doubt, contact the instructor.***

Your team may be called on to present portions of their plan in class without affecting grades. These partial presentations will benefit all students.

Presentations and Written Submissions

SEE SCHEDULE FOR CORRESPONDING DUE DATES. Assignments are due at the START of class unless otherwise noted. All assignments are due as a post to web café unless otherwise noted.

Class Participation

You are expected to prepare all assignments on time and be prepared to discuss cases and readings coherently in class. The quality of your comments should reflect thorough analysis, insight and synthesis of ideas and approaches to problem identification and solution. The ability to identify the key managerial issue or issues in any situation is a critically important skill all effective entrepreneurs need. Quantity of comments is less important, but insights are expected from every student. Simply describing the situations or restating what one has heard is not insightful.

Business Concept

Each student will have 1 minute of class time on Thursday, January 20 to outline their original business concept. No slides are necessary. Student is to post a (maximum) one page summary of their concept on web café.

Team Formation

Teams of five students will be formed with all contact information available online in web café by Tuesday, January 25. Since the decision about team membership cannot be changed, it is your team's collective responsibility to ensure that all members are truly dedicated to the business idea. In the web café team description, include the team's name and the team members' names, telephone numbers, email addresses, and a paragraph for each member describing their background and work experience.

Business Concept, Mission Statement and Value Proposition

By Tuesday, February 1, each team must post on web café a document no longer than three pages, double spaced, Times Roman font 12 or larger, describing their business. This should include a description of the envisioned product or service, the customer needs and desires to be met by the product or service, the overall business and financial models, and key risks and rewards. Each team should be prepared to make a presentation to the class of five minutes or less explaining their business concept, mission statement and value proposition for customers and investors.

Business Plan Draft

By Tuesday, March 15, each team must post on web café a draft of their business plan no longer than ten pages, double spaced, Times Roman font 12 or larger, including the following sections: **Executive Summary; Opportunity: The Company, its Products and/or Services; Markets, Competition, Strategy and Risk Management; Marketing, Sales, and Operations; Management; Financial Projections; Offering; Appendices/Exhibits.**

Activity Diary

The activity diary is a complete detailed listing of the time, date, duration and nature of your individual work on the business plan. Include web sites visited, phone calls made (specifying the person called, their function and phone number), journals, periodicals and other literature you reviewed, trips to potential customers, suppliers, conferences, etc.

which you have done alone. Do not include team work, team meetings and the like.

You are required to have a current Activity Diary online at all times. The diary must be fully updated on the dates listed below in the Assignments Due column of the Course Schedule below: February 3, March 1 and April 5. Examples will be available on the web café site.

Business Plan – written and in presentation form

Electronic and four (4) hard copies of the business plan and presentation slides to the web café team folders are due:

**WEDNESDAY, APRIL 20, 2011 between
12:00 PM and 1:00 PM
Vance Hall, Room 428**

This includes the entire business plan and the entire set of presentation slides. **Late submissions will not be accepted. No excuses.** Teams will make their final presentations during the last three classes. Teams presenting will be in formal business attire.

The business plan must be no longer than 35 pages including the title page, table of contents, all graphs, charts, appendices and exhibits, all margins 1", Times Roman font 12 or larger, single spaced, stapled, with sequential numbers on every page. The presentation must take no longer than 15 minutes ***including set-up time***. Any deviation from these requirements will result in lowering of grades.

The written portion of the plan should consist of the following subsections:

Executive Summary

(10 % of written plan portion of grade)

The summary must be clear, concise, and engaging.

Opportunity: The Company, its Products and/or Services

(10% of written plan portion of grade)

The business opportunity must be clearly described. Your products and/or services must be clearly defined both in terms of total and target market size. The mission statement and value proposition need to be clear and compelling. This section should include descriptions of your offering's features and benefits, barriers to entry and distribution mechanisms. Describe the corporate and financial structure and exit strategies.

Markets, Competition, Strategy and Risk Management

(15% of written plan portion of grade)

Define the total market and the target market(s) your analysis has identified. Secondary research from credible third parties should accompany primary research results. Describe your revenue model including sources and timing. Define your customers' characteristics, state of the industry, analyze your competition and show how your business offers competitive advantage worth pursuing. Explain the business strategy and process including goals, strategies and tactics. Describe the key direct and indirect competitors. Identify and analyze major risks to the company and describe plans to mitigate those risks.

Marketing, Sales, and Operations

(15% of written plan portion of grade)

Define the theory and implementation of your product/service creation, distribution and support systems. Explain the marketing and sales processes based on the total and target markets identified in the Markets and Strategy section of the plan. Identify the techniques used for customer acquisition, maintenance and support. Provide a realistic list of dates for critical events to be completed as well as contingency plans and consequences if dates are not met.

Management

(10% of written plan portion of grade)

Identify the key personnel needed to execute the business plan successfully, including an organizational chart with reporting relationships. Describe sources and processes for finding and evaluating potential employees as well as motivating and retaining those hired.

Financial Projections

(15% of written plan portion of grade)

Include five years of pro forma income statements, balance sheets and cash flow statements. Show annual figures for years one through five in addition to quarterly numbers for years one and two. Clearly describe all assumptions in detailed notes accompanying the statements. Show breakeven sales levels and net present values for the projections. Include capital required, use of funds and timeframes. Use appropriate rounding for all numbers!

Offering

(0% of written plan portion of grade)

Present a proposal for investors describing what they would receive for investing in your business.

Appendices/Exhibits

(15% of written plan portion of grade)

Include relevant material including detailed marketing research, proposed contracts, advertisements, reference letters, articles, charts and graphs, resumes, competitors' materials, price list, suppliers' prices and information, etc.

Plan viability and quality of written plan as a whole

(10% of written plan portion of grade)

The plan should be viable and practical. It should be well organized and integrated. Pay attention to details including spell-checking and appearance as well as overall quality. Presentation counts in real life and it counts in this course, too.

Course Schedule

| Management 230 – Spring 2011 | | | | |
|------------------------------|----------|------|---|---|
| | | | | |
| Class | | | Topic | Assignments Due |
| Number | Day | Date | | |
| 1 | Thursday | 1/13 | Introduction and Overview | |
| | | | | |
| 2 | Tuesday | 1/18 | Business Plan - purpose, content and format | Read a business plan, write a 1 page review, read "The Questions Every Entrepreneur Must Answer" |
| | | | | |
| 3 | Thursday | 1/20 | Student concept presentations | Business Concept Write-Up Due, Presidential Paper |
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| 4 | Tuesday | 1/25 | Complete concepts and Finalize Teams, Google Inc. | Teams finalized on web café, Google Inc. |
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| 5 | Thursday | 1/27 | Financial projections, models and notes | Quiz # 1 on articles 1 & 2 |
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| 6 | Tuesday | 2/1 | Group presentations | Business Concept, Mission Statement and Value Proposition Due Article 3 - Triumph of the Commons: Wikia and the Commercialization of Open-Source Communities in 2009 |
| | | | | |
| 7 | Thursday | 2/3 | Niche vs. total segment strategies | Activity Diary updated Article 3 - Triumph of the Commons |
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| 8 | Tuesday | 2/8 | Intellectual Property and Strategy | Article 4 - Intellectual Property and Strategy |
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| 9 | Thursday | 2/10 | I AM Risk Management | Quiz # 2 on articles 3 & 4 |
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| 10 | Tuesday | 2/15 | | Article 5 “Judo in Action” |
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| 11 | Thursday | 2/17 | Finance 1, Small vs. Big | Article 6a & 6b “CommonAngels” |
| | | | | |
| 12 | Tuesday | 2/22 | Finance 2, Pharmaceuticals | Article 7 “...Erbirtux & Vectibix” |
| | | | | |
| 13 | Thursday | 2/24 | Venture Finance - Debt, Equity and Beyond | Nanotechnology |
| | | | | |
| 14 | Tuesday | 3/1 | Direct and indirect competition | Activity Diary updated Article 8 “American Well...E-See...” |
| | | | | |
| 15 | Thursday | 3/3 | Make it (look) Big! | Quiz # 3 Articles 5, 6a&b, 7, 8 |
| | | | | |
| 16 | Tuesday | 3/15 | Technology | Business Plan Draft – no more than 10 pages |
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| 17 | Thursday | 3/17 | Business Plan Draft Review | Article 9 “Franchisor strategy” |
| | | | | |
| 18 | Tuesday | 3/22 | Financing and Deal Terms | Article 10 “...Twitter...” |
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| 19 | Thursday | 3/24 | Strategic Alliances and Joint Ventures | |
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| 20 | Tuesday | 3/29 | Teams meet | Article 11 “Bono and U2” |
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| 21 | Thursday | 3/31 | Interactive & Social Media | |
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| 22 | Tuesday | 4/5 | Franchising | Activity Diary updated Article 12 “...AirStrip...Apple” |

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| 23 | Thursday | 4/7 | | |
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| 24 | Tuesday | 4/12 | | Quiz # 4 Articles 9, 10, 11, 12 |
| 25 | Thursday | 4/14 | Final Project review | |
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| 26 | Tuesday | 4/19 | Course review | |
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| | Wednesday | 4/20 | FINAL PLANS AND SLIDES DUE 12:00 – 1:00 PM, VANCE HALL ROOM 428 | FINAL PLANS AND SLIDES DUE 12:00 – 1:00 PM, VANCE HALL ROOM 428 |
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| 27 | Thursday | 4/21 | Final presentations | |
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| 28 | Tuesday | 4/26 | Final presentations | |