

The Wharton School
The University of Pennsylvania

Management 230:

ENTREPRENEURSHIP

Course Syllabus

Spring 2012

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MW 1:30 – 3:00
Classroom: TBA

I. OVERVIEW

"You miss 100% of the shots you never take" (Wayne Gretzky)

"...but you still need to aim" (Tyler Wry)

MGMT 230 is the entry level course in Entrepreneurial Management and is a prerequisite to all other courses in the Wharton entrepreneurship curriculum. It is an integrative course—one that combines material introduced to you in core courses and applies it to the evaluation and design of new ventures. Accordingly, the course is only open to students who have completed at least one course in each of marketing, management, OPIM, accounting, and finance.

The purpose of this course is to explore the many dimensions of new venture creation and growth and to foster the formation of new businesses. We will be concerned with content and process questions as well as with formulation and implementation issues that relate to conceptualizing, developing, and managing successful new ventures.

The course may appeal to individuals who want to launch their own business or pursue employment with a start-up firm. Students who intend to work in the venture capital industry or in professional businesses supporting entrepreneurial firms will also benefit from the course.

In this course, a **new venture** is defined as a start-up business with high growth potential that distinguishes itself from existing companies through innovation – for example, through an innovative product or service, an innovative production process, a new business model, or a new market. You are expected to “stretch yourself” and identify currently unmet or inefficiently met customer needs that your start-up addresses. Your business concept should require careful analysis and definition of, among other things, customer needs, existing product and service offerings, markets and strategy, marketing, operations, financials and financing. In addition, your venture idea should have the potential for wealth creation beyond a “normal” salary for its founders (this is not limited to financial wealth, mind you. You are free to work on venture ideas that pursue various non-financial returns as well... a topic we will get into in session #3).

***Note:** While I’m not intrinsically opposed to real-estate, retail businesses (e.g., restaurants) and service businesses (e.g., consulting services), these tend to be pretty derivative and aren’t really in the spirit of the class. If you want to go this route, you’ll need an interesting and innovative approach.

Course Overview

The main deliverable in this course is a Business Development Plan that outlines a new (and hopefully exciting!) venture. I envision this as more than a pedagogical exercise, however, and one of my key aims is to help you develop a very good and well-thought-out plan that could conceivably provide the foundation for an actual business. My basic formula is as follows:

- 1) ***Provide you with the tools:*** This will involve lectures, guest speakers, case discussions, and practical exercises designed to illustrate key concepts related to new venture creation and success. Of course, we won’t be able to cover every topic that’s relevant to your particular venture in a great depth, so I’ll post a variety of additional resources on the course website that will help you dig into specific areas.
- 2) ***Provide you with time to work:*** I have blocked off time in the days before assignments are due so that you can dedicate these hours to working on your project. I will be ‘on call’ during these times and available in my office for drop-in discussions.
- 3) ***Provide you with ongoing feedback:*** You will receive detailed feedback from me at two points in the course: when your team submits its venture concept and when it submits the provisional company, market, and strategy sections of its Business Plan. We will also be doing a ‘live case’ session where you

will present your business model for analysis by your classmates. While these assignments will be graded, they are not heavily weighted and the primary aim of is to help you achieve excellence.

I have also set aside time near the end of the semester dedicated to meeting with and advising each venture team.

Business Development Plan (BDP) Project Workflow

BDP development will be pursued by **New Venture Teams** consisting of four to six students whose talents, skills and knowledge (in the ideal case) are complementary. The content and organization of the BDP will be discussed in class, but the basic workflow is as follows:

- 1) **Idea Generation:** Each of you is responsible for coming up with a new venture idea that you will write up and present to the class. This will form 10% of your course grade.
- 2) **Idea Selection:** Each idea and presentation will be evaluated by the class. To do this, each of you will be responsible for evaluating the written ideas of 20 randomly drawn peers. You will also assess the in-class presentations made by each of your peers. I will total the written and presentation scores (weighted equally) and the 10 (or so) highest scoring ideas will be selected for further development by venture teams.

The class assessment will not be used for formal grading – you can receive a high mark on the idea generation assignment even if your idea isn't selected for further development.

- 3) **Team Formation:** Students associated with the selected ideas will be responsible for forming a venture team. The remaining students are responsible for finding a team to join. While there is no set procedure for how you might do this, we will be piloting a new smartphone app created by a Wharton Entrepreneur to help facilitate the process.
- 4) **Team Work:** All subsequent assignments will be done as venture teams, the final deliverable being a formal Business Development Plan. This will form 60% of your course grade (15% of which is based on your contribution to the group).

Project FAQ:

Q: What if I do not have a brilliant idea?

A: First, don't despair. Whether any idea is brilliant or not will only become clear over time. Second, in the first few classes, we'll be discussing how entrepreneurs identify opportunities; this will provide some strategies that may lead you to a great idea.

Q: What if after working on the venture idea for a few weeks your team realizes that the idea is not quite as brilliant as you had originally thought?

A: First, regarding the brilliance of an idea, see (1). In most cases, more analysis and research than is possible in this course will be required to determine the ultimate feasibility and quality of the opportunity. Still, the project will give you a good idea of what it takes to turn an idea into a successful venture. Second, the idea selection process at the beginning of the course usually assures that ideas which appear less promising are filtered out, and more appealing ideas are pursued. Third, it is understood that your initial venture concept may change, sometimes substantially, by the time it is researched and further developed. Fourth, very few venture projects actually turn out to be clear "dogs." However, should you find out thorough analysis that your business is really infeasible or economically unattractive; this would be a respectable course outcome and could still result in a good grade. At least now you know what will not work, which is a great insight that will spare you time, talent, and treasure in the future.

Readings and Resources

Required readings are posted online on Canvas and can be printed at additional charge through Wharton Reprographics if you want a more traditional 'course pack'. The Canvas site is also where I'll be posting details about each lecture, my slides, pre-class polls, and additional resources that illustrates course concepts.

Intellectual Property and General Conduct

You are entirely responsible for protecting your own intellectual property. If there is any part of your business idea that you would not like to disclose, then you should simply not disclose it. Obviously, any material not disclosed cannot be evaluated for grading. I do not sign non-disclosure agreements related to the course.

You should conduct your work with integrity and honesty as per the university honor code. If your business development plan has been the subject of class projects in other classes, please tell me that and how the work performed for this class will be original.

II. ASSIGNMENTS AND GRADING

Individual Assignments	10%
<i>Memo of Introduction</i>	-5% (you lose 5% for non-submission)
<i>Venture Idea</i>	5%
<i>Venture Idea Presentation</i>	5%
Venture Team Assignments	60%
<i>Team Venture Concept</i>	5%
<i>Company Market & Strategy Sections and</i>	5%
<i>Live Case Presentation</i>	
<i>Final Business Development Plan (BDP)</i>	25%
<i>Final BDP Presentation</i>	10%
<i>Peer Evaluation</i>	15%
Class Participation	30%
<u>ASSIGNMENTS ARE DUE AT THE BEGINNING OF CLASS, OR BEFORE NOON</u>	
<u>IF THE DEADLINE IS NOT ON A DAY WHERE THE CLASS MEETS</u>	
<u>LATE SUBMISSIONS WILL NOT BE ACCEPTED</u>	

Memo of Introduction (MOI)

Due: Mon. January 16

The purpose of this assignment is for you to let me know a bit about who you are and what makes you tick. This will help me to tailor some of the course material to your interests and experiences, and is helpful in terms of just knowing who I'm talking to every Monday and Wednesday.

Your MOI should include (but need not be limited to):

- A bit about where you're from and how you ended up at Wharton
- Your ambitions after graduation
- Courses that you've completed
- Any previous ventures you've been associated with
- Your interest in this course and what you hope to get out of it

Submission Guidelines: Two pages max: double-spaced, 12 point, times new roman font, 1 inch margins.

Individual Venture Idea

Due: Wed. January 25

As a first step in the development of a final business development plan, you'll each need to identify an idea for a new venture.

This should include (and my evaluation will be based on):

- A sketch of the unfulfilled need that will be satisfied (what problem are you solving? for whom?)
- The product/service concept (how will you solve the problem? what is the value proposition?)
- Brief business and revenue models (i.e. how you will create and capture value)
- Brief rundown of the key concerns or risks

Submission Guidelines: One page max: double-spaced, 12 point, times new roman font, 1 inch margins.

Venture Idea Presentation

Mon. January 30 and Wed. February 1

In a maximum 5-minute presentation, you will be given an opportunity to introduce yourself and your venture idea – you are welcome to use enhancements like Power Point, video clips, etc... so long as you send them to me no later than 24 hours before you are scheduled to present. Presentation slots are randomly assigned.

My evaluation will be based on:

- Presentation content (do you outline all key aspects of the venture idea?)
- Presentation clarity (do the elements fit well together? Is appropriate emphasis given to each?)
- Presentation style (is the presenter clear and articulate? Is the presentation well-paced?)

Team Venture Concept

Due: Fri. February 24

Live Case Presentations

Mon. February 27 and Wed. February 28

The primary aim of this assignment is to vet your team's business idea and solicit feedback from your peers so that you can continue to refine and develop it in subsequent assignments.

Venture Concept should include:

- A sketch of the unfulfilled need that will be satisfied (what problem are you solving? for whom?)
- The product/service concept (how will you solve the problem? what is the value proposition?)
- Brief business and revenue models (i.e. how will you create and capture value)
- Brief rundown of the key concerns or risks

Submission Guidelines: Four pages max: double-spaced, 12 point, times new roman font, with 1 inch margins.

The 'Live Case' (presentation slots will be randomly assigned)

Each team will have 15 minutes to provide an overview of your venture idea and identify areas where you'd like class feedback. This may include soliciting general reactions, advice on how to shore up current weak spots, and/or areas of the BDP that you have yet to develop. You are welcome to use enhancements like Power Point, video clips, etc... so long as you send them to me no later than 24 hours before the class you are scheduled to present in. Your team is responsible for coordinating the class discussion.

My evaluation will be based on:

- Clarity of the venture idea overview
- A clear statement about the advice being sought from the class
- Allocation of presentation vs. discussion time
- Engagement with the audience and discussion management

Company Market & Strategy Sections

Due: Fri. March 23

The primary aim of this assignment is to help you achieve excellence as you work toward your final BDP. Specific topics to be covered are described in the 'Business Plan Development assignment' that I handed out with the syllabus under the sections for 'Company, Product and Services', and 'Markets & Strategy'.

My evaluation will be based on:

- Evidence that your team is making progress
- Quality and depth of research evident in your plan
- Quality and clarity of writing

Submission Guidelines: Ten page max: double-spaced, 12 point, times new roman font, with 1 inch margins.

Final Business Development Plan (BDP)
Final BDP Presentation
Peer Evaluation

Due: Fri. April 13
Mon. April 16 or Wed. April 18
Due: Mon. April 23

Details provided on the attached assignment sheet.

Class Participation

Participation will be graded out of 60 points. There are 20 class sessions where you will receive a participation mark – as indicated on the outline below – and there are a total of 4 participation points that you can earn for each: 1 for completing the pre-work, and up to 3 for in-class discussion:

- | | |
|------|---|
| +1 | Complete pre-class poll / mini-assignment <i>[graded as pass/fail]</i> |
| +1 | In class, but minimal participation |
| -0.5 | Late to class |
| +2 | Demonstrates good understanding of session issues and contributes to discussion |
| +3 | Significant contribution to class |

While it is unlikely that you will exceed 60 points, exceptional performance will be taken into account when assessing grade point cutoffs. I'll update your participation score on Canvas at the end of each month.

Three factors determine good class participation:

- 1) You should be able to identify the important managerial issues related to the case or readings (i.e., thoughtfully apply assigned readings, past and present, to the current class discussion).
- 2) You should be able to take a concise and coherent position about the issue being discussed.
- 3) You should be able to constructively analyze the positions your classmates take (demonstrating your listening skills as well as your own analytical skills).

A significant contribution to class discussion may be a comment that ties relevant current events or personal experience to the discussion and moves the discussion forward (not simply a description of the event). Also, on presentation days, each group will identify up to three classmates who they consider to have provided exceptionally helpful feedback; each identified person will receive 3 participation points for that session.

III. COURSE OUTLINE AT A GLANCE – MGMT 230 Spring 2012, Prof. Wry

Session			Topic	Milestones
Nu.	Date	Partic.		
1	W. Jan 11	N	Introduction & Course Overview	
	M. Jan 16		Martin Luther King Junior Day (No class)	Memo of Introduction due
2	W. Jan 18	Y	Generating & Evaluating Ideas: Creativity and Innovation	
3	M. Jan 23	Y	Generating & Evaluating Ideas: Beyond Dollars and Cents Guest Speaker: Joey Hundert	
4	W. Jan 25	Y	The art of the pitch	Venture Idea Statement due
5	M. Jan 30	Y	Venture Idea Presentations [1]	Presentations of Ideas
6	W. Feb 1	Y	Venture Idea Presentations [2]	
7	M. Feb 6	Y	Issues in Team Building	Finalize Venture Teams
8	W. Feb 8	Y	The Business Plan: Structure & Content	
9	M. Feb 13	Y	Differentiating Products / Services	
10	W. Feb 15	Y	Crafting & Assessing Business Models	
11	M. Feb 20	N	Team-Work (No Class)	
12	W. Feb 22	N	Team-Work (No Class)	Team Venture Concept due <u>Noon, Friday, Feb. 24</u>
13	M. Feb 27	Y	Live case workshop: Honing your Business Model [1]	Presentations of Business Model / Challenges ahead
14	W. Feb 29	Y	Live case workshop: Honing your Business Model [2]	
Mar 3-11			Spring Term Break (No classes)	
15	M. Mar 12	Y	Financing Your Venture	
16	W. Mar 14	Y	Guest Speakers: Equity investor Panel	
17	M. Mar 19	Y	Strategy for Startups: Social Media	
18	W. Mar 21	Y	Strategy for Startups: IP Strategies Guest Speaker: Mike Patterson	Company, Market & Strategy sections due <u>Noon, Friday, Mar. 23</u>
19	M. Mar 26	N	Meet Instructor / Team-Work	
20	W. Mar 28	N	Meet Instructor / Team-Work	
21	M. April 2	Y	Managing Growth	
22	W. April 4	Y	Discovery Driven Planning	
23	M. April 9	Y	Harvesting	
24	W. April 11	N	Team-Work (No Class)	Final BDP due <u>Noon, Fri., April 13</u>
25	M. April 16	Y	Presentations	Final BDP Presentation
26	W. April 18	Y	Presentations	
27	M. April 23	N	Post Mortem and Next Steps: Wharton Entrepreneurial Programs	Peer Evaluations due

IV. READING LIST – MGMT 230 Spring 2012, Prof. Wry

Session 1: Introduction & Course Overview

1. “The Questions Every Entrepreneur Must Answer” by A. Bhidé, *Harvard Business Review*, November-December 1996, pp. 120-130 (reprint 96603).
2. “What it Takes to Start a Startup” by B. O’Reilly, *Fortune*, June 7, 1999, pp. 135-140.
3. “Entrepreneur DNA” <http://www.bothsidesofthetable.com/entrepreneur-dna/> [skim each section – *do you think that there is an entrepreneurial ‘type’*]

Non-required, but interesting:

“Microenterprise” [for a different view on entrepreneurship]

<http://en.wikipedia.org/wiki/Micro-enterprise>

“Microenterprise in the Economy”

http://www.microbiz.org/wp-content/pdfs/SOR_2010_MicroEnterpriseReport.pdf

Sessions 2 - 3: Generating & Evaluating Venture Ideas

4. “Good Ideas and How to Generate Them” from B. Nalebuff and I. Ayres, *Why Not? Harvard Business School Press*, 2003, pp. 13-42.
5. “Identifying Venture Opportunities” Stanford E-323

Also, check out the *Sustainival* website <http://sustainival.com> in advance of Joey’s presentation in Session 3.

Non-required, but interesting:

“Skate where the Puck is going”

<http://www.bothsidesofthetable.com/2010/10/17/skate-where-the-puck-is-going/>

Halfbakery – Business Ideas [funny and occasionally inspired business ideas]

<http://www.halfbakery.com/category/Business>

Session 4: The Art of the Pitch

6. “How to Pitch a Brilliant Idea” by K. Elsbach, *Harvard Business Review*, September 2003, p. 117.
7. “Defend your Research: We can Measure the Power of Charisma” by A. Pentland, *Harvard Business Review*, Summer 2009, p. 35.

And compare them to:

8. “How Facts Change Everything (if you let them)” by E. Tufte, *MIT Sloan Management Review*, Summer 2009, p. 35.
9. “Entrepreneur Passion and Preparedness in Business Plan Presentations: A Persuasion Analysis of Venture Capitalists’ Funding Decisions” by X.P. Chen, X. Yao, and S. Kotha, *Academy of Management Journal*, 2009, 52, p. 199 [read the introduction, pp. 199-200, and discussion pp.209-211]

Non-required, but interesting:

“Pecha-Kucha (“puh-cotcha”) ppt Presentations”

http://www.wired.com/techbiz/media/magazine/15-09/st_pechakucha

“Learning from Bill Gates & Steve Jobs”

<http://www.presentationzen.com/presentationzen/2007/09/steve-bill-redu.html>

Session 7: Issues in Team Building

10. "The New Venture Team" by J.A. Timmons, Chapter 8 in *New Venture Creation*, Irwin McGraw-Hill, 1999, pp. 277-287.
11. "Zero Deficit Hiring" <http://www.inc.com/magazine/19980301/889.html>

Non-required, but interesting:

Whartonite Seeks Code Monkey <http://whartoniteseekscodemonkey.tumblr.com> [good for a laugh at the expense of your peers]

Session 8: The Business Plan

12. "How to Write a Great Business Plan" by W.A. Sahlman, *Harvard Business Review*, July-August 1997, pp.98-108 (reprint 97409) and the short Q&A "Updating a Classic" <http://hbswk.hbs.edu/item/5993.html>
13. "How do Entrepreneurs craft Strategies that Work?" by A. Bhidé, *Harvard Business Review*, March-April 1994.

Session 9: Differentiating Your Product or Service

14. R.G. McGrath and I. MacMillan, *The Entrepreneurial Mindset*, HBS Press, 2000.
 - a. Chapter 3 "Building Blockbuster Products and Services", pp. 23-48
 - b. Chapter 4 "Re-differentiating Products and Services", pp. 49-78.

Non-required, but interesting:

"Startups Rarely do Anything Well" <http://venturefizz.com/blog/startups-rarely-do-anything-well>

Session 10: Crafting and Assessing Business Models

15. *Case study*: "Zipcar: Refining the Business Model" HBS Case 9-803-096.
16. "Note on Business Model Analysis for the Entrepreneur" HBS 9-802-048.

Session 15: Financing your Venture

17. "Introduction" *The Venture Capital Cycle* by P. Gompers and J. Lerner, MIT Press, 1999, pp. 1-16.
18. *Case study*: Walnut Venture Associates (A), HBS case 9-899-062.
19. *Case study*: Walnut Venture Associates (D), HBS case 9-899-097.
20. "Venture Capital" by Bagley and Dauchy, *The Entrepreneur's Guide to Business Law*, 1998 [to look up terms from the above cases]

Non-required, but interesting:

The Funded <http://www.thefunded.com/> [a look into VC firm ratings]

Venture Blog <http://www.ventureblog.com/> [an interesting blog about all things VC]

Session 17: Social Media Strategies

21. *Case Study*: Ford Fiesta Movement: Using Social Media and Viral Marketing to Launch Ford's Global Car in the United States, INSEAD case 05/2010-5664.
22. "Strategies for Tapping the Groundswell" by C. Li and J. Bernhoff, *Harvard Business Review*, 2011.

23. "Users of the World Unite! The Challenges and Opportunities of Social Media" by A.M. Kaplan and M. Haenlein, *Business Horizons*, 2010, 53, p.59 [skim pp.60-64 for a basic overview of social media terms]

Non-required, but interesting:

"Why Startups Need to Blog"

<http://www.bothsidesofthetable.com/2011/03/27/why-startups-need-to-blog-and-what-to-talk-about/>

Session 18: Intellectual Property Strategies

24. "Intellectual Property and Strategy", HBS Note 9-704-493.
25. Profiting from Technological Innovation," by David Teece, In M. L. Tushman & W. L. Moore (Eds.), *Readings in the management of innovation* (2nd ed.). Ballinger Publishing Company [read pp. 621-630]

Also, read up a bit on **Graphene Frontiers** in advance of Mike's talk:

<http://www.upenn.edu/pennnews/news/penn-team-wins-entrepreneurial-innovation-award>

<http://www.upenn.edu/pennnews/news/penn-physicists-develop-scalable-method-making-graphene>

Session 21: Managing Growth

26. *Case study: "Crunch"*, HBS case 9-899-233.
27. "Note on Building the Self-Sustaining Firm" by A. Bhidé, HBS Note 9-395-200.

Non-required, but interesting:

"A Note on Franchising," HBS Note 9-297-108. *[not in course pack, but I'll get you a copy if you're interested in pursuing a franchising strategy with your venture]*

Session 22: Discovery Driven Planning

28. "Discovery Driven Planning" by R.G. McGrath and I.C. MacMillan, *Harvard Business Review*, July-August 1995.
29. "Milestones for Successful Venture Planning" by Z. Block and I.C. MacMillan, *Harvard Business Review*, September-October, 1985.

Session 23: Harvesting

30. *Case study: "Nantucket Nectars"*, HBS case 9-898-171.
31. "The Harvest and Beyond" by J.A. Timmons, Chapter 18 in *New Venture Creation*, Irwin McGraw-Hill, 1999, pp. 573-580.