



**The Wharton School
University of Pennsylvania**

MGMT 801: Entrepreneurship (0.5 cu)
Spring 2015
Mon/Wed; 9-10:30, 10:30-12 & 12-1:30

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COURSE DESCRIPTION

You may want to start a new venture. You may find yourself starting a new venture in the future. You may find yourself working for an entrepreneur, funding entrepreneurs, or having to work with them. Or you may simply want to be more entrepreneurial in your own career. The purpose of Management 801 is to be helpful to you under any of these circumstances with a whirlwind tour of the many dimensions of new venture creation and growth. We will be concerned with issues that relate to conceptualizing, developing and managing successful new ventures. As the entry level course in Entrepreneurial Management, MGMT 801 serves a gateway for the other courses to help you further pursue your interests and develop expertise in a particular domain, e.g. venture capital investment, through the many course offerings at the Wharton Entrepreneurial Programs.

The emphasis in this course is on applying and synthesizing concepts and techniques from the functional areas of accounting, finance, managerial economics, marketing, operations management, and organization behavior in the context of new venture development. The class sessions are designed to familiarize you with the many dimensions of entrepreneurship and new venture development. While most of the examples in class will be drawn from new venture formation, the principles also apply to entrepreneurship in corporate settings and to non-profit entrepreneurship.

Those interested in writing and implementing a comprehensive business plan should enroll in MGMT 806, a semester-long class that emphasizes venture implementation. It is open to students who have completed MGMT 801.

COURSE REQUIREMENTS

Attendance, Preparation and Participation

Attendance in this class is mandatory. Regular attendance and participation are essential to succeed in the course. Participation in class discussions and group exercises is encouraged – it will contribute to your experience in the class and to your grade.

To succeed in this class, you need to have completed the assignments for each class session, and thought about what they mean and how they fit into the overall picture for the class. Your performance will be assessed based on these expectations.

Readings

All class readings are available in the Coursepack through Study.net and Wharton Reprographics.

Grading

Your final grade will consist of the following elements:

Class participation	25%
Daily memos	15%
Individual idea generation paper	20%
Team presentation and pitch deck	40%

There is a zero tolerance policy for academic dishonesty. ***Cheating, plagiarism, or turning in another's work as your own will result in a failing grade for the class.***

Class Participation (25%)

You are expected to come to class well prepared to discuss the case studies and reading materials. Class attendance is very important in this course. Especially in an area like entrepreneurship, learning occurs through interaction, and accordingly, respect for your colleagues' comments will be expected at all times. *Do not come late to class.* Tardiness disrupts case discussions and devalues the effort of everyone else who does show up on time. Class participation grade is also affected by any class that you miss beyond one absence.

Daily Memos (15%)

A short survey question will be posed at the beginning of each class session. The question typically requires you to make a decision based on the readings [e.g. "Mr. Smith should/should not pursue the X opportunity"] and indicate, in bullet point form, the main reasons for your choice. Responses will be collected in class and will not require anything beyond your normal preparation for class.

Individual Idea Generation Paper (20%)

Students should post completed work to their personal Canvas folder (under the 'Individual Exercise & Papers' folder).

- The submissions are due no later than Feb 11th, 5:00 PM, the day of class. No late work will be accepted.
- You may be asked to present your answers to the class.
- Each of these assignments is to be completed individually, though you may later choose to develop any of these concepts as part of the Team Project.

The goal of the paper is to expose yourself to a wider range of venture ideas, and by extension, expand your network at Penn, and beyond. The individual paper is a 2-page assignment in which the goal is to outline the basics of a venture idea or opportunity.

Potential sources to spark a new idea or opportunity:

1. Individuals in academic programs at Penn outside of Wharton. Consider visiting open houses or seminars at other departments (for example, http://www.grasp.upenn.edu/seminars_events, <http://www.lrsm.upenn.edu/>)

2. A university technology transfer office. Penn has an extensive site, (<http://www.ctt.upenn.edu/index.php?category=49>) but you may use other universities as well.

3. People in your selected industry of interest. Consider interviewing a couple individuals to find potential problems that might be solvable, or user innovations that might be exploitable, as discussed in class.

You need not develop the idea completely, nor do you need to perform any in-depth market or feasibility analysis. Your assignment should outline the basics of the idea, how you discovered it, and what your next steps would be to assess the idea further. Please submit a 2 page double-spaced paper.

Team Presentation and Pitch Deck (40%)

The team project is an opportunity to apply the knowledge and insights gained from this course to analyze real-life entrepreneurial issues. Each team will be asked to develop an original venture idea of the team's choosing and perform an analysis of the idea drawing from course concepts.

Each team will present their project to the class, in the form of an investor pitch presentation. More details of the presentations will be announced in class.

Evaluation criteria

Value Proposition: Specify the venture concept and value proposition (e.g., why the demand is not being met currently, or how you would generate demand for the offering).

Market & Competition: Analyze the market potential and competitive pressure for your entrepreneurial venture. Ask why others have not fully taken advantage of the opportunity.

Financial prospects: Present a pro-forma financial plan and statement of likely financial capital sources. If appropriate, consider how equity would be divided.

Risks, Uncertainties, and Hypotheses Testing. Analyze key challenges and risks associated with the offering, together with ways your team might address those challenges. Identify key assumptions in your business: assumptions that are critical to your business, and have high levels of uncertainty. Pick at least one of these and develop a falsifiable hypothesis, and a way to test it using MVPs, Customer Discovery, or another approach. Consider the risk of false positives, false negatives, and sequencing of tests.

Research. Where possible, don't make guesses about your market, your margins, or how you might implement a business plan – talk to potential suppliers, survey customers, or engage in other research efforts that might give you insight into how your plan will work in the real world.

Project Team Formation

The team size will be 5-6 people. You may form teams with students from different sections; however, keep in mind that you must be available to present in ***all*** sections from which you have team members.

As you form the team, also keep in mind that the most effective submissions are often a result of a joint effort using the diverse skills of all team members.

Peer evaluation

The individual final grade will depend on a weighted peer review of effort by your venture team colleagues. You will be asked to rate the contribution of each of the team members by assigning a percentage score to each member. Therefore, individual grades are likely to vary within each team. *The peer evaluation form is due along with the final pitch deck.*

Intellectual Property

The philosophy of the class is that you are far more likely to be helped than hurt by talking about your idea with everyone who will listen. Chris Dixon gives an argument about why this is so here: <http://cdixon.org/2009/08/22/why-you-shouldnt-keep-your-startup-idea-secret/>. In any case, you are entirely responsible for protecting your own intellectual property, though intellectual property theft has never been a problem in Management 801. If there is any part of your business idea that you would not like to disclose, then you should simply not disclose it, or select a different business idea. If you have any questions about this policy, do not hesitate to ask.

COURSE OUTLINE

Please note that all the listed readings are required. Throughout the class, optional readings may be provided to expand on these materials.

Session	Date	Topic	Readings	Details for this session
1	Wed, Jan 14	Introduction & Overview	- “How to Write a Great Business Plan” by W.A. Sahlman, <i>Harvard Business Review</i> , July-August 1997, pp.98-108	<i>Important Note: We will not be discussing this reading directly in class. This serves as useful background for the final project, so you need not have read it before this session of class starts. However, as you think about your final project, refer to page 16 of Business Model Analysis for Entrepreneurs.</i>
2	Wed, Jan 21	Generating Ideas; Evaluating Venture Ideas	- “Identifying Venture Opportunities” Stanford E-323	Be prepared to discuss the following question: - Think about when you have been most creative or innovative. What were the circumstances that enabled you to feel that way?
	Mon, Jan 26 & Wed, Jan 28	** No Class : MBA Focused Recruiting Period (FRP) **		

3	Mon, Feb 2	Intellectual Property and Legal Issues	No assigned session readings.	
4	Wed, Feb 4	Power and Money Among Founders; Key Founding Team Hires	<ul style="list-style-type: none"> - <i>Case study</i>: Apple's Core, HBS case 9-809-063 - "A Note on the Legal and Tax Implications of Founders' Equity Splits" by Noam Wasserman and Lauren Barley, HBS Note 809110 	<p>Be prepared to discuss questions about "Apple's Core":</p> <ul style="list-style-type: none"> - Is this a good founding team? - What should Wozniak do now?
5	Mon, Feb 9	Organizational Culture and Developing an Initial Business Model in a Startup Environment	<ul style="list-style-type: none"> - "Organizational Blueprints for Success in High-Tech Start-Ups: Lessons from the Stanford Project on Emerging Companies," James N. Baron and Michael T. Hannan, <i>California Management Review</i>, Spring 2002. - "Note on Business Model Analysis for the Entrepreneur," HBS 9-802-048. 	<p>Be prepared to discuss the following questions about startup culture:</p> <ul style="list-style-type: none"> - What makes some blueprints more attractive than others? What is the role of the entrepreneur in establishing blueprints? - What were the organizational blueprints of the companies you worked for prior to the MBA? What worked and what didn't work for you about these cultures?
6	Wed, Feb 11	"Lean" Startups and	- <i>Case Study</i> : Rent the Runway, HBS case	** Individual Assignment #1 Due

		Hypothesis Testing as You Grow	812077 - “The Hypothesis Driven Startup” by Thomas R. Eisenmann, Eric Ries, Sarah Dillard, HBS Note 812095.	** Be prepared to discuss the following questions: - Think about the timeline of actions undertaken by Rent the Runway’s cofounders. Do you agree with the decision to pursue each action? - Which actions were important in validating business model hypotheses and refining the concept? Can you suggest different actions that the cofounders should have taken?
7	Mon, Feb 16	Financing; Early-Stage Valuations; Matching Stage with Financing Types	No assigned session readings. <i>In-class simulation during the second half of class.</i>	** Please bring laptops to class. We will be going through an in-class valuation exercise. **
8	Wed, Feb 18	Financing; Profit Leverage	- <i>Case study:</i> Walnut Venture Associates (A), pp. 1-11 only; <i>HBS case 9-899-062.</i> - <i>Case study:</i> Walnut Venture Associates (D), <i>HBS case 9-899-097.</i>	Be prepared to discuss the following questions: - Put yourself in Wagner’s shoes for Walnut “A.” What aspects of the potential deal require the most due diligence? Are there any potential deal-breakers?

				- Put yourself in O’Conner’s shoes, when you are evaluating Walnut “D”: What might trouble you about the terms?
9	Mon, Feb 23	Sales & Marketing	<ul style="list-style-type: none"> - <i>Crossing the Chasm</i> by Geoffery Moore, pp. 1-62 - <i>Case study</i>: Office Tiger, HBS 9-804-109 (Focus on pages 1-11, and the Exhibits) - Elsbach, “<i>How to Pitch a Brilliant Idea</i>”, HBR reprint R0309 	<p>Be prepared to discuss the following questions:</p> <ul style="list-style-type: none"> - Why did OfficeTiger get off to a slower start than originally planned? Why did it take so long to find its early customers? - Who were OfficeTiger’s earliest customers, and why did they buy the product? How would you use the concepts from Moore’s book to describe the initial sales process?
10	Wed, Feb 25	Managing Growth & Scaling the Business	<ul style="list-style-type: none"> - <i>Case study</i>: Crunch, HBS case 9-899-233. - “Note on Building the Self-Sustaining Firm” by A. Bhidé, HBS Note 9-395-200. 	<p>Be prepared to discuss the following questions:</p> <ul style="list-style-type: none"> - Should Crunch buy SportsLife? - What are the biggest challenges facing Crunch?
11	Mon, Mar 2	** Team Presentations **		
12	Wed, Mar 4	Exit Strategies & Harvesting	- <i>Case study</i> : Nantucket Nectars: The Exit, HBS	Be prepared to discuss the

		<p>& Course wrap-up</p>	<p>case 9-810-041. - “The Harvest and Beyond” by J.A. Timmons, Chapter 18 in <i>New Venture Creation</i>, Irwin McGraw-Hill, 1999, pp. 573-580.</p>	<p>following questions: - If you are Tom and Tom, what is the minimum price you except for Nantucket Nectars? - If you were advising Tom and Tom, what would you tell them to do?</p>
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