

**The Wharton School
University of Pennsylvania**

MGMT 801: Entrepreneurship (0.5 cu)

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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 organizational 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.

COURSE REQUIREMENTS

Attendance, Preparation and Participation

Class attendance 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 Project (Deck + Presentation)	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 before 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 not require anything beyond your normal preparation for class.

Individual Idea Generation Paper (20%)

You will individually outline a venture idea or opportunity. 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. 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. You may be asked to share your idea with the class. You may choose to further develop your idea as part of the Team Project, but you are not required to do so.

Your write-up will be a maximum of 2 pages. This assignment should be and completed and submitted individually via Canvas by **5:00PM EDT Friday, Sept 22nd**. No late assignments will be accepted.

If you and a classmate had previously discussed an idea that you are both interested in, you may submit a write up with some similar intellectual foundations if the submissions are written completely separately and diverge on major dimensions. You must disclose the name of the classmate with whom you have an idea in common on your written submission. Failure to disclose your discussion partner and have substantively different work will result in a significant penalty. You are not allowed to have three people overlapping on the same idea.

There are many ways just here at Penn to spark a new idea or discover an opportunity:

1. Classmates: What are potential problems faced by your classmates that might be solvable? Are there user innovations that might be exploitable?
2. Alumni: If you already have a selected industry of interest, consider interviewing individuals from the Penn alumni network to find potential opportunities endemic to that industry.

3. Research: Consider visiting open houses or seminars at other departments at Penn (e.g. http://www.grasp.upenn.edu/seminars_events, <http://www.lrsm.upenn.edu/>). Penn and other research universities maintain technology transfer offices that disclose inventions available for licensing (e.g. <http://www.ctt.upenn.edu/index.php?category=49>).

Team Project: Pitch Deck and Presentation (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. You will be evaluated on both a submitted pitch deck and an oral presentation. Your pitch deck must be submitted via the webpage by **5:00PM EDT Sunday, October 15th** regardless of your assigned presentation day; you must present with the deck submitted at this point, and no further changes will be allowed. Presentations will take place in class on **Monday, October 16th** and **Wednesday, October 18th**.

Project Team Formation

The team size will be 6 people. 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. 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.

You can either submit for a full team of 6 or you can request to be randomly assigned to a team; this is due via an online form by **5:00PM EDT Wednesday, Sept 27th**, and final team assignments will be posted by **Sept 29th**. The Canvas website message board can be used to recruit team members if you do not yet have a full team of 6.

Evaluation Criteria

Your final project, which includes the oral presentation and the submitted pitch deck, will be evaluated by the teaching staff and a panel of expert angel investors and venture capitalists. The evaluation criteria will be further discussed in class; some things to consider include the following:

- *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.

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 anonymously 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. This peer review will be due via an online form by **5:00PM EDT Wednesday October 18th**.

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, unless otherwise noted. Optional readings may also be provided to expand on these materials.

Session/Date	Topic	Readings	Details for this session
Session 1 Wed, Sept 6	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>
Session 2 Mon, Sept 11	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?
Session 3 Wed, Sept 13	Start-up Issues at the Outset: Power and Money Among Founders	- <i>Case study: Apple’s Core</i> , 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	Be prepared to discuss questions about “Apple’s Core”: - Is this a good founding team? - What should Wozniak do now?
Session 5 Mon, Sept 18	Intellectual Property and Legal Issues	No assigned session readings.	Individual Idea Generation Due Friday, Sept 22nd, 5PM

<p>Session 6 Wed, Sept 20</p>	<p>Organizational Culture and Developing an Initial Business Model in a Startup Environment</p>	<p>- “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>	<p>Be prepared to discuss the following questions about startup culture: - 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?</p>
<p>Session 7 Mon, Sept 25</p>	<p>“Lean” Startups and Hypothesis Testing as You Grow</p>	<p>- <i>Case Study: Rent the Runway</i>, HBS case 812077 - “The Hypothesis Driven Startup” by Thomas R. Eisenmann, Eric Ries, Sarah Dillard, HBS Note 812095.</p>	<p>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?</p>
<p>Session 8 Wed, Sept 27</p>	<p>Financing; Early-Stage Valuations; Matching Stage with Financing Types</p>	<p>No assigned session readings.</p>	<p>Team Selection for Team Project Due Wednesday, Sept 27th, 5PM</p>
<p>Session 9 Mon, Oct 2</p>	<p>Financing; Profit Leverage</p>	<p>- <i>Case study: Walnut Venture Associates (A)</i>, pp. 1-11 only; <i>HBS case 9-899-062</i>.</p>	<p>Be prepared to discuss the following questions: - Put yourself in Wagner’s shoes for Walnut “A.” What aspects of the potential deal require the</p>

		<ul style="list-style-type: none"> - <i>Case study: Walnut Venture Associates (D)</i>, HBS case 9-899-097. 	<p>most due diligence? Are there any potential deal-breakers?</p> <ul style="list-style-type: none"> - Put yourself in O’Conner’s shoes, when you are evaluating Walnut “D”: What might trouble you about the terms?
<p>Session 10 Wed, Oct 4</p>	<p>Sales & Marketing</p>	<ul style="list-style-type: none"> - <i>Crossing the Chasm</i> by Geoffery Moore, pp. 1-62 - <i>Case study: Office Tiger</i>, 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?
<p>Session 11 Mon, Oct 9</p>	<p>Managing Growth & Scaling the Business</p>	<ul style="list-style-type: none"> - <i>Case study: Cotopaxi</i>, HBS case. - “Note on Building the Self-Sustaining Firm” by A. Bhide, HBS Note 9-395-200. 	<p>Discussion questions related to the Cotopaxi case will be provided via the course webpage.</p>
<p>Session 12 Wed, Oct 11</p>	<p>Exit Strategies & Harvesting & Course wrap-up</p>	<ul style="list-style-type: none"> - <i>Case study: Nantucket Nectars: The Exit</i>, HBS 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>Final Project Pitch Deck Due Sunday, Oct 15th, 5PM</p> <p>Be prepared to discuss the following questions:</p> <ul style="list-style-type: none"> - If you are Tom and Tom, what is the minimum price you expect for Nantucket Nectars? - If you were advising Tom and Tom, what would you tell them to do?
<p>Session 13 Mon, Oct 16</p>	<p>** Final Team Presentations **</p>		

Session 14 Wed, Oct 18	** Final Team Presentations **