

# MGMT 801: ENTREPRENEURSHIP (0.5 CU)

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Spring 2020 Q3

The Wharton School of the University of Pennsylvania

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Mon, Wed. 10:30-12, 1:30-3

Classroom: TBD

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## ***I. OVERVIEW AND PROCEDURES***

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.

## ***II. GRADING***

40% Active class participation and Daily Poll

20% IdeaMachine

40% Team project

**Active Class Participation & Daily Polls (40%)** 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.* Class participation grade is also affected by any class that you miss beyond one absence. To ensure that the class is highly interactive, each student is asked to bring his/her name plate to each and every class meeting.

For many classes, you will be expected to answer a series of short reaction surveys which will be posed in the “assessments” section of Canvas before marked class sessions. The survey 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. Questions are generally quite short. You are responsible for responding to the poll no later than 8:00 AM the day of class.

**IdeaMachine (20%)** You will receive 3 prompts over the first two weeks of class asking you to generate ideas. You will also be expected to vote and comment on the responses of others. The quality of your answers and the degree to which you respond to the answers of others will be evaluated.

**Team Project (40%)** You will ultimately produce an **annotated** 10-12 slide pitch deck. We will discuss details in class. The team size will be 4-7 people. As you form the team keep in mind that the most effective submissions are often a result of a joint effort using the diverse skills of all team members.

**The Pitch Deck:** The purpose of the pitch deck is to give you an opportunity to develop your original venture idea in a realistic way. The evaluation criteria are as follows:

- *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.
- *Go to Market Plan:* Discuss how you will sell and deliver products. Simply stating “buy Google ads” is not enough – think about issues like customer acquisition costs and channels.
- *Financial prospects:* Present a pro-forma financial plan and statement of likely financial capital sources. Use either a bottom-up (start with the LTV and CAC of a single customer and scale from there) or Discovery-Driven Plan.
- *Operations:* How are you going to build your product and service? How will you scale it?
- *Research and Testing.* Integrate your learnings from Big Week, and other research. Show sources and reasoning behind your pitch deck.

**Deliverables:** Timely delivery of the following submission is required.

- *Outline:* Each team should post a 2-3 page outline on Canvas. It should include a statement of the topic of your mini business plan, as well as an outline. We regard this submission as a binding statement of your term project. Please make sure that names of all team members are on the submission. We will set up appointments to discuss the outline.
- *Big Week Commitment (5%):* See Canvas for description
- *Big Week Report (10%):* See Canvas for description
- *Mini-pitch (5%):* Each team will do a mini-pitch and receive feedback.
- *Final report (30%):* Each team will produce a 10 slide “pitch deck”. It will present the final report material in the format most used to actually pitch materials. The pitch deck will be annotated with reflections and sources.
- *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 report.*

### *III. Academic Honesty*

*Academic Honesty:* **Under no circumstances should you pass off the work of another as your own.** That means that you must cite sources, and, if quoting a source, properly indicate which material is quoted and which is original work – never just copy and paste material from a source into a paper. Failure to properly attribute work will result in, at a minimum, a failing grade for an assignment

### *IV. Privacy*

*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. Unfortunately, the instructor cannot sign any non-disclosure agreements related to this course.

*Research:* Please note that I gather data from class for relevant research to improve entrepreneurial pedagogy. Any research will only present data that has been anonymized and aggregated. Some classes may be recorded for students with excused absences. If you have any questions about this policy, do not hesitate to ask.

## **Spring 2019, Quarter 4**

*Schedule May Change. Most Up-to-Date Schedule in on Canvas*

No.	Date	Day	Topic	Assignment Due
1	1/15	Mon	<b>Intro &amp; Overview</b>	
2	1/22	Wed	<b>The Startup Game</b>	
3	1/27	Mo.	<b>Power and Money*</b>	Daily Poll
4	1/29	Wed.	<b>Charter Game and Startup Ideas</b>	IdeaMachine <b>Teams Decided</b>
5	2/3	Mon	<b>Both Sides: Building (and working at) Startups</b>	<b>Outline Due</b>
6	2/5	Wed.	<b>Entrepreneurial Strategy: Choosing Customers*</b>	Daily Poll
7	2/10	Mon.	<b>Entrepreneurial Strategy: Creating Hypotheses*</b>	Daily Poll
8	2/12	Wed.	<b>Entrepreneurial Strategy: Testing Hypotheses*</b>	Daily Poll
9	2/17	Mon.	<b>Testing Lab</b>	<b>Big Week Commitment</b>
10	2/19	Wed.	<b>Pitching and Selling*</b>	Daily Poll
11	2/24	Mon.	<b>Mini-Pitch</b>	<b>Big Week Writeup</b>
12	2/26	Wed.	<b>Financing</b>	
13	3/2	Mon.	<b>Scaling *</b>	Daily Poll
14	3/4	Wed.	<b>Exit and Harvest</b>	<b>Final Project</b>

\* indicates that a daily poll is due at 8am

Yellow highlights indicate team assignments

## Management 801: Required Course Readings

You can find optional readings expanding on these materials at my website at <http://www.startupinnovation.org/resources-and-readings/>.

### Introduction

#### Readings

1. *Case study*: Apple's Core, HBS case 9-809-063

Study questions about "Apple's Core":

- Is this a good founding team?
- What should Wozniak do now?

### The Startup Game

Interactive:

- Prep the Startup Game. Make sure you have read the instructions for The Startup Game. If you are a founder, please make sure that you have coordinated with your co-founder.

### Power and Money, Money and Power

#### Readings

2. *Case study*: Evan Williams, HBS case 9-809-088
3. *[Optional, but may save you hundreds of thousands of dollars]* "A Note on the Legal and Tax Implications of Founders' Equity Splits" by Noam Wasserman and Lauren Barley, HBS Note 809110

Study questions for Evan Williams:

- How has Evan Williams gotten himself into this mess?  
What should he do now

### Charter Game and Idea Generation

#### Readings

4. My "Idea Generation for Startups" guide

Interactive:

- Make sure you have answered IdeaMachine challenges, including voting and commenting.
- Make sure you have your team before coming to class

## **Both Sides: Building (and working at) Startups**

### Readings

1. Chapter 8 of *The Founder's Dilemmas* by Noam Wasserman
2. "Getting Your First Startup Job" a very short summary of Bussgang's *Entering StartupLand*, available here: <https://seeingbongthsides.com/2017/10/25/getting-your-first-startup-job/>
  - a. If you want more, in-depth podcast is here:  
<https://hbr.org/ideacast/2017/10/so-you-want-to-join-a-startup>
3. Mini-case briefing [posted on Canvas]

## **Entrepreneurial Strategy: Choosing Customers**

### Readings

4. "Choosing Your Customer" by Scott Stern and Josh Gans, Chapter 4 of *Entrepreneurial Strategy*. [posted on Canvas]

## **Entrepreneurial Strategy: Creating Hypotheses**

### Readings

5. "The Hypothesis Driven Startup" (pages 1-5) by Thomas R. Eisenmann, Eric Ries, Sarah Dillard, HBS Note 812095.
6. "Chapter 6. Creating Reverse Financials and the Assumption Checklist" by Rita Gunther McGrath; Ian C. MacMillan, HBS Chapter 3072BC-PDF-ENG
7. Download and glance at the DDP for Digital Desk

Study questions the DDP for Digital Desk:

- Examine the DDP for Digital Desk. Which assumptions are most critical? How do you know?

## **Entrepreneurial Strategy: Hypothesis Testing**

### Readings

8. *Case Study: Rent the Runway*, HBS case 812077
9. "The Hypothesis Driven Startup" (pages 6-26) by Thomas R. Eisenmann, Eric Ries, Sarah Dillard, HBS Note 812095.
10. On canvas: "Five Very Fast Ways to Better Understand a New Product or Market"

Study questions for Rent the Runway.

- What were their key assumptions?
- How did those assumptions become hypotheses?
- How did they test those hypotheses?

## Financing

### Readings

11. “Pre-Money Post-Money” Online Tutorial/Exercise
12. *Venture Deals 3<sup>rd</sup> Edition* by Brad Feld and Jason Mendelson. Chapter 2. “How to Raise Money”

## Sales and Marketing

13. DocSend Fundraising Research (on Canvas)

## Testing Lab

The Testing Lab will give you a chance to explore a testing methodology. You will be told how to sign up for a particular testing approach, and any pre-readings required for that approach, in class.

## Mini-pitch

The mini-pitch will consist of a 4-5 minute pitch using a four slide deck: overview, problem, solution, and technology/magic. More information on these slides is available in the first part of my YouTube video on pitching investors:

<https://www.youtube.com/watch?v=Y2ZnZVWdGQQ>

It is okay for these slides to be a work-in-progress, you are mostly getting feedback to improve the pitch, so don't worry if it is not complete. You can choose to pitch your team in only one class, or you can pitch in every class where there is at least one team member in order to get more feedback.

Sign ups will be available on Canvas

## Managing Growth

5. *Case study*: Crunch, HBS case 9-899-233.
6. “Scaling a Startup: People and Organizational Issues” 812100-PDF-ENG

Study questions about the Crunch case:

- Should Crunch buy SportsLife?
- What are the biggest challenges facing Crunch?

## Exit and Harvest

14. Harvest Time: Reaping What You've Sown, 1-13, skim the rest.