

# **MGMT 230: Entrepreneurship (0.5 cu)**

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Fall 2019 Q1

The Wharton School, University of Pennsylvania

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Tues, Thurs.

*Classroom:* Zoom

*Office Hours:* Encouraged!

## ***I. OVERVIEW***

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 230 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 230 also serves a gateway for other courses that will allow you to further pursue your interests in specific entrepreneurship domains (e.g. venture capital investment) through Wharton Entrepreneurship.

The class is highly experiential and hands-on, with sessions designed to familiarize you with the many dimensions of entrepreneurship and new venture development. Most of the examples we discuss in class will relate to venture formation, but the underlying principles will also apply to entrepreneurship in corporate settings and to social entrepreneurship.

## ***II. PROCEDURES***

In our second session together, I will randomly assign you to a venture team with whom you'll work with for the rest of the class. Together, you will generate a business idea, complete well-researched market and competitive analyses, identify and test key assumptions, and ultimately pitch your idea in our end-of-class pitch competition.

All assignments will be group-based, with a peer-evaluation adjustment to account for the variable effort put forward by each member. Therefore, individual grades are likely to vary within each team.

If you are working on a venture of your own, I will help in any way I can, but you won't be able to pursue the idea through the class. That said, the material we cover will be directly applicable and I'm happy to schedule time to chat, bounce ideas, or whatever else would be useful.

## ***III. ASSIGNMENTS and GRADING***

### **Who cares, and why? (25%) (~5 pages, single spaced text + data appendixes)**

For the first assignment, I want you to convince me that your venture is worth pursuing, or detail what needs to happen before you can make this determination. To this end, you should discuss:

- (1) Your value proposition, and why you want to pursue this opportunity (*i.e., why you care about your idea*)
- (2) Your beachhead market, and market validation (*i.e., why others will care about your idea*)
- (3) Evidence that your idea can be a business (*i.e., market size, comp. adv., and unit economics*)
- (4) Whether or not the idea is worth pursuing based on current evidence (*i.e., are you ready to progress to the next stage of development, or do you need to pivot, gather more data, etc.?*)

### **Assumption Testing (25%) (~5 pages, single-spaced text + data appendixes)**

For teams that are still trying to figure out “who cares, and why,” this will be a continuation of the first assignment: keep gathering data and interrogating your foundational assumptions! Other teams will progress to hypothesis testing, and report on:

- (1) Assumptions in your business model, and which ones you will prioritize for testing.
- (2) Your testing approach, and why it is well-suited to your chosen assumption(s).
- (3) Results of your tests—including relevant data—and what these imply for your venture.
- (4) Your analysis of what comes next (*i.e., your testing plan going forward*)

### **Annotated Pitch Deck (25%) (12-15 well-annotated slides)**

Each team will produce a 10-15 slide annotated pitch deck. This will include all of the materials that are typically included in a pitch deck, along with extensive notes (*i.e., annotations*) that detail the evidence supporting the points on each slide.

Feel free to use the same deck for this assignment and for your in-class pitch, but be sure to add a **full financial workup** as well as a **summary slide that details your assessment of the venture's realistic potential**.

*(Note: It is 100% fine to arrive at the conclusion that your venture is not worth pursuing, if this is what the data is telling you. You will be graded on the quality of your analysis and decision-making, not on your venture's success prospects.)*

### **Peer evaluation**

Individual grades on the group assignments will be weighted based on peer review. You will be asked to rate the contribution of each member of your team by assigning a percentage score that reflects their effort. Therefore, individual grades will likely vary among team members.

### **Class Participation (25%)**

The online format has some drawbacks when it comes to participation, but also some benefits. There will be multiple ways for you to participate in class, and most of these will be tracked automatically. Here are the main areas where you can accumulate participation points:

- (1) Attendance
- (2) In-class participation (i.e., questions/comments asked through chat or verbally, participating in live polls)
- (3) Your team’s performance in the Business Model Innovation and Final Pitch competitions
- (4) The quality of the assessments that you provide in activities with a peer-eval component
- (5) The output that your group generates through in-class activities
- (6) Scheduling “office hours” time

### **Fall 2019, Quarter 1**

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

<b>No.</b>	<b>Date</b>	<b>Day</b>	<b>Topic</b>	<b>Deliverables</b>
1	09/01	T	<b>Intro + Doing something that matters</b>	
2	09/03	R	<b>Idea generation lab</b>	Initial venture idea
3	09/08	T	<b>An evidence-based approach 1:</b> Opportunity analysis	List of desired contacts
4	09/10	R	<b>An evidence-based approach 2:</b> Interviews and research	LinkedIn Jeopardy results
5	09/15	T	<b>Business models 1:</b> Building your model	Preliminary business model
6	09/17	R	<b>Business models 2:</b> Model Innovation <i>-Time to work on model innovation (30 min)</i>	<b>Who cares and why? (25%)</b>
7	09/22	T	<b>Business models 2:</b> Model Innovation Competition	
8	09/24	R	<b>Entrepreneurial Strategy 1:</b> A data-driven approach	Key assumption list
9	09/29	T	<b>Entrepreneurial Strategy 2:</b> MVP Tests	Preliminary testing approach
10	10/01	R	<b>Resources:</b> People, partners, and money	
11	10/06	T	<b>Effective pitching:</b> Strategies and delivery	
12	10/08	R	<b>Venturing when the world is on fire:</b> Guest Panel	<b>Assumption Testing Assignment (25%)</b>
13	10/13	T	<b>Pitch competition:</b> Round 1	Pitch peer-evaluation
14	10/15	R	<b>Pitch competition:</b> The finals!	<b>Annotated Pitch Deck (25%)</b>

## **READING LIST**

Readings for each session are divided into two sections:

- (1) practical resources to help you develop your venture and execute class assignments: **plan to use these.**
- (2) academic papers that give insight into foundational concepts: **engage according to your level of interest.** All available from Prof. Wry.

### **Session1: Intro + Doing something that matters (+ social impact)**

#### **Practical Resources**

**Pursuing a social mission** (if this applies to your venture):

“What impact? A framework for measuring the scale and scope of social performance.” by A. Ebrahim , V.K. Rangan. *California management review*, 2014.

“When can impact investing create real impact.” by P. Brest, K. Born. *Stanford Social Innovation Review*, 2013.

#### **Academic Evidence**

**Social mission pursuit and efficacy:**

“Masters of disasters? An empirical analysis of how societies benefit from corporate disaster aid.” By L. Balesteros et al., *Academy of Management Journal*, 60, 2017.

“Local venturing as compassion organizing in the aftermath of a natural disaster: The role of localness and community in reducing suffering.” by D. Shepherd & T. Williams, *Journal of Management Studies*, 51, 2014.

“Taking trade-offs seriously: The contextually contingent relationship between social outreach intensity and financial sustainability in global microfinance.” by T. Wry & E. Zhao, *Organization Science*, 29, 2018.

### **Session2: Idea generation lab (+ team formation)**

#### **Practical Resources**

Founders’ agreement framework – Penn Law ([link on Canvas](#))

Entity choice – Penn Law ([link on Canvas](#))

#### **Academic Evidence**

**Founding team characteristics:**

“Entrepreneurial Team Composition Characteristics and New Venture Performance: A Meta–Analysis” by L. Jin (et al.). *Entrepreneurship Theory and Practice*, 2017.

**Importance of a founders’ agreement:**

“The first deal: The division of founder equity in new ventures.” By T. Hellmann, N. Wasserman, *Management Science*, 2017.

### **Session 3: An evidence-based approach 1: Opportunity analysis**

#### **Practical Resources**

**Archival research:**

“Course Library Resource Guide” ([link on Canvas... left side navigation bar](#))

## Session 4: An evidence-based approach 2: Interviews and research

### Practical Resources

#### How to do customer / industry-insider interviews:

“Customer discovery and validation for entrepreneurs.” by F. Cespedes, T. Eisenmann, S. Blank. HBS note 9812-097

“Talking to humans.” by G. Constable – *(link on Canvas)*

<https://s3.amazonaws.com/TalkingtoHumans/Talking+to+Humans.pdf>

## Sessions 5+6: Business models and model Innovation

### Practical Resources

#### Building your business model:

“Business model generation: a handbook for visionaries, game changers, and challengers.” by A. Osterwalder, Y. Pigneur. John Wiley & Sons, 2010. (pgs. 1-50)

<https://assets.strategyzer.com/assets/resources/business-model-generation-book-preview-2010.pdf>

### Academic Evidence

#### Types of business models:

“Business models and value.” by C. Baden-Fuller, et al. *Academy of Management Proceedings*, 2017.

“Business models and modelling business models.” by C. Baden-Fuller, V. Mangematin. *Advances in Strategic Management*, 2015.

#### Business model innovation:

“Creating Value through Business Model Innovation” by R. Amit, C. Zott, *Sloan Management Review*, 2012

“The hard truth about business model innovation.” by C. Christensen, et al., *MIT Sloan Management Review*, 2016.

“Measuring business model innovation: conceptualization, scale development, and proof of

## Sessions 8+9: Data and MVP tests

### Practical Resources

“Hypothesis driven entrepreneurship: The lean startup” by T. Eisenmann, E. Ries, S. Dillard, HBS Note 9812-095.

“The Lean Startup: How Today’s Entrepreneurs use Continuous Innovation to Create Radically Successful Businesses” by E. Ries (*recommended, not required*)

### Academic Evidence

#### The value of hypothesis testing:

“A scientific approach to entrepreneurial decision making: Evidence from a randomized control trial.” by A. Camuffo et al., *Management Science*, 66(2), 2020.

#### Failure and Resilience:

“Learning from entrepreneurial failure.” by D. Shepherd et al. *Cambridge University Press*, 2016.

“Beyond hubris: How highly confident entrepreneurs rebound to venture again.” by M. Hayward et al., *Journal of Business venturing*, 25, 2010.

## **Session 10: Resources: People, partners, and money**

### **Practical Resources**

#### **Advisors, Contractors, and Tech Talent:**

Advisor agreement template – (link on Canvas) <https://fi.co/fast>

Non-disclosure agreement template – (link on Canvas)

Independent contractor agreement template – (link on Canvas)

“Please, Please, Please Stop asking how to Find a Technical Co-Founder.” by humbledMBA – (link on Canvas) <http://humbledmba.com/please-please-please-stop-asking-how-to-find>

“How to Attract your Technical Co-Founder with 100% Success.” by Onevest – (link on Canvas) <http://blog.onevest.com/blog/2014/12/9/how-to-attract-your-technical-co-founder-with-100-success>

#### **Fundraising:**

“The Art of Startup Fundraising: Pitching Investors, Negotiating the Deal, and Everything Else Entrepreneurs Need to Know” by A. Cremandes (*recommended, not required*)

“Will the venture capital dry powder disappear [Post-COVID]?” by J. Sakoda – (link on Canvas) <https://medium.com/@jon.sakoda/will-the-venture-capital-dry-powder-disappear-fe6f48996a34>

## **Session 11: Effective pitching: Strategies and delivery**

### **Practical Resources**

“How to Pitch a Brilliant Idea” by K. Elsbach, *Harvard Business Review*, September 2003.

“Defend your Research: We can Measure the Power of Charisma” by A. Pentland, *Harvard Business Review*, Summer 2009.

Pitch the way VC's think – (link on Canvas) <https://www.khoslaventures.com/pitch-the-way-vcs-think>

The unbreakable laws of storytelling – (link on Canvas) <https://www.khoslaventures.com/the-unbreakable-laws-of-storytelling>

### **Academic Evidence**

“Catalyzing strategies and efficient tie formation: How entrepreneurial firms obtain investment ties.” by B. Hallen, K. Eisenhardt, *Academy of Management Journal*, 2012.

“Can joy buy you money? The impact of the strength, duration, and phases of an entrepreneur’s peak displayed joy on funding performance.” by L. Jiang et al., *Academy of Management Journal* 2019.

“We ask men to win and women not to lose: Closing the gender gap in startup funding.” by D. Kanze et al., *Academy of Management Journal*, 2018.

“Investors prefer entrepreneurial ventures pitched by attractive men.” By A.W., Brooks et al., *Proceedings of the National Academy of Sciences*, 2014.