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Venture Acceleration Lab

MGMT 3880x, 1cu
2023-24 Academic Year (Spring Semester)

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<u>**Background**</u>
This Lab emphasizes experiential learning in evaluating and contributing to "live" startup ventures. The goal of the Lab is to accelerate the development of ventures by providing a structured curricular setting in which mentors with industry expertise as operators and investors provide guidance to full-time venture founders. Students learn through witnessing these interactions (without having to be a current venture founder) and through helping ventures structure their value creation and capture strategies. This unique Lab therefore brings together communities which rarely mix: startup founders, enrolled students as potential venture "joiners" and consultants, venture mentors, and technical/academic specialists. <u>NOTE: the Lab in Spring 2023-4 will have a special focus on health care entrepreneurship. You do not have to have a background in that space – just an interest in it.</u>

We will recruit early-stage entrepreneurs and ventures (preference given to Penn/Wharton affiliates) to participate as "live" cases. The class will convene on two types of occasions: (1) regular class format sessions which cover topical areas applicable to their project work (listed below), and (2) "super" sessions in which students, founders, mentors, and specialists come together (twice in the semester, once midway through, and again at the end of the term). The instructor will serve as moderator in these sessions. The goal of these super sessions is for ventures to update their current stage of development, and to receive feedback from mentors. These two sessions will be conducted jointly with the MBA section of this class I am teaching. The first of these two sessions will feature the founders, while the second session will emphasize your team presentations. <u>NOTE: these two sessions will take place from 9am-3pm on 2/23/2024 & 4/19/2024. Those sessions are mandatory (you will have to certify your ability on those two dates to enroll in the course).</u>

Each part of this entrepreneurial "ecosystem" brings distinctive value to the Lab, and in turn will benefit:

- **Students (you!)**: This class will provide a structured and unique experiential learning opportunity for Wharton students to engage in the venture ecosystem. Given the structure of the Lab, enrollment will be run via a course permitting system, with details announced and advertised well before the enrollment period. Early in the course, the teaching team (instructor and teaching assistant) will assign individuals to project teams; teams will in turn be matched with startup ventures. This matchmaking process aims to take student preferences into consideration. However, ultimate matches will be made by the teaching team. ***Attendance in all sessions of the course throughout the semester is required*** (and only excused absences per University policy will be considered. So please, double check your calendar for availability before requesting a permit to enroll in this course, ***especially the day/time of the two extended Friday super sessions***.)

- **Founders**. We will recruit full time founders of high-potential, emerging health care companies, with preference given to Penn/Wharton affiliates. In addition to high growth potential, we are

interested in engaging entities which could benefit and be of interest to the other stakeholders in the Lab.

- **Mentors**: These are industry experts (operators and venture investors) with current, applied knowledge. They have committed to come to campus for the two super-sessions and the majority have a pre-existing affiliation with the Wharton School/Penn. Their main motivation for participating is to help shape the next generation of ventures and to learn from each other.

- **Technology and Business Specialists**: faculty and others who are domain specialists, such as in specific realms of business or technology will also be invited to participate in the super sessions. Depending on the composition of the ventures accepted, the instructor will recruit from the Wharton and Penn community to involve technology specialists.

Course Administration
External informants: our aim for each class meeting is to have a variety of activities, including knowledge from external informants. ***To accommodate guests, there is a chance that the instructor will shift around the timing of some of the sessions. Apologies in advance if this is necessary.***

Prerequisites: MGMT 230 "Entrepreneurship" is required background (with permission of the instructor, MGMT 267, "Entrepreneurship & Technology Innovation" can be substituted). NOTE: as a senior capstone class, this course has an enrollment capacity of 48.

Deliverables: there will be individual and team submissions in this course according to the below grading and deadline schedule.

Grading:
- Attendance and active course participation: 40%
    - Note: a 360-degree evaluation of your teammates (and vice versa) at the end of the term will contribute to this portion of the grade.
    - Venture founders will also be polled for feedback on team engagement and will be used as an additional data point to evaluate your engagement.
- Team interim presentation on project: 12.5%
- Team final presentation on project: 37.5%
- Individual written review of opposite program project team's final presentation (2 pages): 10%

TENTATIVE SCHEDULE

Session	Date/Time	Topic
1	M, 1/22/2024, 3:30-6:30pm	Introduction; introduction to ventures and projects; course administration; introduction to startup opportunities and challenges in the health care ecosystem/context
2	M, 1/29/2024, 3:30-6:30pm	Health care payers and ecosystem resources
3	M, 2/5/2024, 3:30-6:30pm	Entrepreneurial strategy and finance
4	M, 2/12/2024, 3:30-6:30pm	Starting and scaling health care enterprises: lessons from Wharton entrepreneurs
5	M, 2/19/2024, 3:30-6:30pm	Regulatory and intellectual property issues
6	F 2/23/2024, 9am-3pm	Super session #1.
7	M, 2/26/ 2024, 3:30-6:30pm	Interim team presentations on project
8	M, 3/18/2024, 3:30-6:30pm	Teams meet 1:1 with teaching staff (instructor) to discuss progress & preparation for upcoming presentation in super session #2.
9	M, 3/25/2024, 3:30-6:30pm	Entrepreneurial scaling and growth
10	M, 4/8/2024, 3:30-6:30pm	Class cancelled to work on your project
11	F, 4/19/2024, 9am-3pm	Super session #2.

Note: While the Lab deviates from the typical 90 minute class sessions, the total contact hours is the same as other 1cu undergraduate classes at Wharton. There will be no class on the following dates: 3/11/2024 and 4/15/2024.

<u>**Session 1: Introduction**</u>

Description: We will start by laying out class policies, procedures, and expectations (including the process of matching you to a venture team and project). We will then engage in a series of activities to get familiar both with each other as well as with the ventures undergoing the acceleration process through this course. In the second half of class, we will hear perspectives on the opportunities and challenges of startup development in the health care context.

Preparation prior to class:
- [Skim]: "Experimenting in the Entrepreneurial Venture" Harvard Business School note (HBS product number 8077-HTM-ENG).
- DH. Hsu "Note on human capital in the emerging venture"

<u>**Session 2: Health care payers and ecosystem resources**</u>

Description: You will be assigned to a team and project by the start of class. In the first part of class, you will have time to meet your teammates and develop first thoughts on how to tackle your project. This will involve desk research, but a lot of the value in the project will be collecting primary data. In the second part of class, we will discuss **health care payers**, generally, and within the context of your focal venture. We will be joined by experienced informants who will share their perspectives and help lead a discussion of opportunities and challenges with respect to payers for each of the ventures in the Lab.

Preparation prior to class:
- ME. Porter "Clusters and the New Economics of Competition," *Harvard Business Review*, 1998.
- [Skim]: WR. Kerr & F. Robert-Nicoud (2020). "Tech Clusters," *Journal of Economic Perspectives*, 34(3): 50-76.
- [Optional/skim]: J. Baron & M. Hannan (2002). "Organizational Blueprints for Success in High-Tech Startups: Lessons from the Stanford Project on Emerging Companies," *California Management Review*.
- [Optional]: Contigiani, DH. Hsu and I. Barankay (2018). "Trade secrets and innovation: evidence from the 'inevitable disclosure doctrine'" *Strategic Management Journal*, 39 (11): 2921-2942.

Session 3: Entrepreneurial strategy & finance

Description: In the first part of class, you will have time to meet with your team to discuss and further research your focal company's entry strategy and financing strategy. Ideally, there will be time to meet with venture founders as well during this block of time. In the second part of class, we will be joined by health care investors to discuss their pattern recognition on identifying and helping develop successful health care ventures.

Preparation prior to class:
- Gans, Scott, & Stern (2018). "Strategy for Start-ups" Harvard Business Review, May-June.
- Gans (2020). "To Disrupt or Not to Disrupt?" *Sloan Management Review*, Spring, pp. 40-45.
- [Skim]:"Financing Entrepreneurial Ventures," Harvard Business School note (HBS product number 8072-HTM-ENG).
- [Optional]: M. Marx and D.H. Hsu (2015). "Strategic 'switchbacks': dynamic commercialization strategies for technology entrepreneurs," *Research Policy*, 44: 1815-1826.
- [Optional]: Gans, Stern & Wu (2019). "Foundations of entrepreneurial strategy," *Strategic Management Journal*.
- [Optional]: National Venture Capital Association 2021 Yearbook
- [Optional]: DH. Hsu (2004). "What do entrepreneurs pay for venture capital affiliation?" *Journal of Finance*, Vol. 59 (4), August 2004, pp. 1805-1844.
- [Optional]: DH. Hsu & RH. Ziedonis (2013). "Resources as Dual Sources of Advantage: Implications for Valuing Entrepreneurial-Firm Patents," *Strategic Management Journal*, 34 (7): 761-781

Session 4: Starting and scaling health care enterprises

Description: We will interact (live or by zoom) with successful Wharton alumni health care entrepreneurs who successfully founded and scaled their enterprises. In preparation for the session, you will receive materials posted on Canvas to review prior to the session. Time permitting, we may also will take a step back and discuss relevant current events and your interests in a relaxed, yet structured manner (these

topics do not necessarily have to be in the health care space). I will solicit your nomination of topics, and share research related to them in this enrichment session.

Session 5: Regulatory and intellectual property issues

Description: In the first part of class, teams will have the opportunity to meet and work to discuss relevant regulatory and intellectual property issues. If founders are available, this will be an opportunity to discuss these issues as well. In the second half of class, we will be joined by external informants to discuss these issues, generally, and within the context of our ventures.

Session 6: Super session #1

Description: venture founders, mentors, and students will convene for the first of two extended sessions. Each venture will be allocated a total of approximately 15 minutes. Rough schedule for the super session is as follows:

9-10am: team meetings with venture founders
10:15-12pm: simulated board meeting with each venture, sequentially
12-1pm: lunch and networking
1-3pm: team mentoring sessions
3-4pm: optional networking and socializing

Session 7: Interim team presentations on project

Description: Each project team will present their interim thoughts and progress on their venture project, as well as plans for the coming weeks ahead of their final presentation at the second super session. The class will provide feedback to each team.

"Session" 8: Team check-in meetings with teaching team

Description: Please sign up with your team to have meetings with the teaching team to discuss your progress. These one on one meetings will take place in lieu of class; please use the remaining time on your projects.

Session 9: Entrepreneurial scaling and growth

Description: In the first part of class, you will have the opportunity to discuss in your teams how your project focus fits within the venture's roadmap for scaling and growing. We will be joined in the second part of class by external informants who can discuss specific facets of this topic (such as continuous innovation and leadership) within their experience of health care venture development, and apply those lessons to the ventures participating in this Lab.

Preparation prior to class:
- R. Gulati & A. DeSantola (2016). Start-ups that last. *Harvard Business Review*, *94*(3), 14.
- DH. Hsu (2022), "Entrepreneurial Scaling Strategy: Managerial and Policy Implications," in YS Lee and F. Yan, editors, Drivers of Innovation: Entrepreneurship, Education, and Finance in Asia, Stanford University Shorenstein Asia-Pacific Research Center Series with Brookings Institution Press.

- [Optional/skim]: DeSantola, A., & Gulati, R. (2017). Scaling: Organizing and growth in entrepreneurial ventures. *Academy of Management Annals*, *11*(2), 640-668.
- [Optional]: V.A. Aggarwal and D.H. Hsu (2014). "Entrepreneurial exits and innovation," *Management Science*, Vol. 60 (4), pp. 867-887.

Session 10: Team work on your projects and presentations
Description: Instead of meeting for class, you will work together as a team on finalizing your projects.

Session 11: Super session #2
Description: The emphasis of super session #2 is your team presentations. Both undergraduate and MBA sections will meet at this time. Your team will make a presentation of approximately 8 minutes, with 2 minutes for Q&A, and the corresponding team will make their presentation on a back-to-back basis. A rough schedule for the super session is as follows:

9-10:05am: team presentations, part 1.
10:25-11:30pm: team presentations, part 2.
11:35-12:45pm: lunch and networking (eat with your opposite degree/team counterparts)
12:50-1:55pm: team presentations, part 3.
1:55-3pm: team presentations, part 4.

INDIVIDUAL WRITTEN REVIEW OF OPPOSITE PROGRAM PROJECT TEAM'S FINAL PRESENTATION ASSIGNMENT DUE: APRIL 26, 2024 (11:59pm)

APPLIED RESOURCES FROM THE WEB:

https://www.ycombinator.com/resources/

https://www.startupschool.org/latest

https://www.npr.org/podcasts/510313/how-i-built-this

https://mastersofscale.com

https://future.a16z.com/podcast-network/