

**The Wharton School
University of Pennsylvania**

MGMT 801: Entrepreneurship (0.5 cu)

Assistant Professor Gary Dushnitsky

Fall 2009

Steinberg Hall – Dietrich Hall 2020

MW 10:30-12:00 & 12:00-1:30

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Office Hours: Monday 4:30-5:30 PM

I. OVERVIEW AND PROCEDURES

The purpose of this MBA course is to explore 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 may appeal to individuals who have a strong desire to become entrepreneurs at some stage of their career. Similarly, students who intend to work in the venture capital industry or in professional businesses supporting entrepreneurial firms will benefit from the course. Students may further pursue their 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.

II. READINGS

Readings are found in the bulk packet available through Wharton Reprographics (basement of SHDH).

III. GRADING

35% Daily 'poll' & active class participation

20% Individual exercise & papers

45% Team project

Daily 'Poll' & Active Class Participation (35%) 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. I ask that if you use a laptop during class, that you disable your wireless internet connection. To ensure that the class is highly interactive, each student is asked to bring his/her name plate to each and every class meeting.

A survey question will be posed in the "poll" section of WebCafe before each class session. 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. Answering the question will not take much time beyond your normal preparation for class. *If you do not respond to the poll, I will assume you have not prepared for class and will not call on you.*

- You are responsible for responding to the poll no later than 8:00 AM the day of class.
- WebCafe tracks / credits your responses. AVOID SUBMITTING ANSWERS VIA E-MAIL.
- Keep a record of your response and bring it with you to class.

Individual Exercise & Paper (20%) You are expected to submit one exercise and one paper throughout the quarter. Grading for both exercise and paper is a Pass / Fail.

- Students should post completed work to their personal WebCafe folder (under 'Individual Exercise & Papers' folder).
- The submissions are due no later than 8:00 AM the day of class.
- You may be asked to present your answers to the class.
- LATE WORK WILL NOT BE ACCEPTED.
- THESE ARE INDIVIDUAL ASSIGNMENTS AND WOULD BE GRADED ACCORDINGLY.

Exercise (12.5%): The purpose of this assignment is to encourage review of course material and strengthen understanding of basic venture capital concepts. The assignment builds on the Walnut (D) case. The question-set will be on WebCafe a week before the due date (due dates are Q1: Sep. 23, Q2: Nov. 16).

Paper (7.5%): The purpose of the paper is to encourage you to think about the key issues of a particular case, and their application in similar settings. In the context of a particular session, identify one or two critical factors in the readings and discuss their implication to venture's success. An exceptional paper would draw parallels either to a recent example from the business world (e.g., BusinessWeek, Inc., WSJ, etc.), or your own work experience. The paper should be about 2 pages (double-spaced, 12 point, Times New Roman font, with 1 inch margins) with additional news clips if relevant. The paper may be submitted to any one of the five following sessions: Team Building, Business Models, Judo Strategies, Growth, Exit and Harvest.

Team Project (45%) A mini-business plan *OR* final group term paper is required. The team size will be 5 people. As you form the team keep in mind that the most effective submissions are often a result of a joint effort that leverages the diverse skills of all team members.

Mini Business Plan: The purpose of the mini business plan is to give you an opportunity to develop your original venture idea. 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.
- *Financial prospects:* Present a pro-forma discovery driven plan and statement of likely financial capital sources.
- *Risks & Uncertainty:* Analyze key challenges and risks associated with the offering, together with ways your team might address those challenges.

Group Term Paper: The purpose of the paper is to apply course tools to evaluate critical issues facing a young company of your interest. It should make a forward-looking recommendation regarding a key decision the company is facing. The team should explore various alternatives and recommend a particular course of action. Relevant topics include, but are not limited to, resource assembly (e.g., should a venture raise external funds, ally with established players, or bootstrap), growth (e.g., grow through acquisition, organic growth or strategic alliances), or harvest (e.g., should the founder exit through an IPO or a sale to another company; which one?). The company should be identified using personal/peer experience or recent headlines (e.g., **BusinessWeek's Hot Growth 100**, or **Inc. 500**). The project will be evaluated on the following criteria:

- *Data:* Evidence that you have put your skills at gathering data to work in a creative, non-superficial way. Your ability to marshal really interesting information is one of the skills future employers really value – I will be evaluating your work from this perspective. I will also be looking for citations of sources for important data you use.
- *Specificity:* In your recommendations, you should seek to make a specific actionable proposal that one can either agree or disagree with. Don't be afraid to take a position – that is what will make your report interesting!
- *Implementability:* Are your recommendations feasible, given the company's history and current situation?
- *Originality:* Does your report and analysis show evidence of real creative thinking?

Deliverables: Regardless of which option your team pursues, timely delivery of the following submission is required.

- *Outline (5%):* Each team should post a 2 page outline on WebCafe. It should include a statement of the topic of your mini business plan/term project, 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. *Outline is due by 5:00PM September 28rd (Q1) or November 18th (Q2).*
- *Final report (40%):* Each team should post on WebCafe a business plan/project no longer than 15 pages (double-spaced, 12 point, Times New Roman font with 1 inch margins), excluding exhibits. The grading criteria are detailed above. *The report is due by 5:00PM October 30th (Q1) or December 11th (Q2).*
- *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, i.e. 5:00PM October 30th (Q1) or December 11th (Q2).*

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| TEAM MEMBER EVALUATION FORM | |
| Team Name: | |
| Your Name: | |
| Last 4 digits of Social Security Number: | |
| Team Member's Name | % Effort (scale 1-100%) |
| | |
| | |
| | |
| <i>DO NOT RATE YOURSELF.</i> | |

IV. INTELLECTUAL PROPERTY

In this class you are entirely responsible for protecting your own intellectual property. If there is any part of your business idea that you would not like to disclose, then you should simply not disclose it. Unfortunately, the instructor cannot sign any non-disclosure agreements related to this course. If you have any questions about this policy, do not hesitate to ask.

Management 801: Course Outline in a Glance (Prof Dushnitsky)

Fall 2009, Quarter 1

| Nu. | Day | Date | Topic | Assignment Due |
|-----|------|----------|------------------------------------|--------------------------------|
| 1 | Wed. | 9.9.09 | Intro & Overview | |
| 2 | Mon. | 9.14.09 | The Entrepreneurial Process | |
| 3 | Wed. | 9.16.09 | Generating Ideas | |
| 4 | Mon. | 9.21.09 | Team Building | [Individual Paper] |
| 5 | Wed. | 9.23.09 | VC Financing | Individual Exercise Due |
| | Mon. | 9.28.09 | <i>Team-Work (No Class)</i> | Team Outline Due |
| 6 | Wed. | 9.30.09 | <i>Guest speaker I</i> | |
| 7 | Mon. | 10.5.09 | Business Models | [Individual Paper] |
| 8 | Wed. | 10.7.09 | D.D.P. | [bring laptops to class] |
| 9 | Mon. | 10.12.09 | Judo Strategies | [Individual Paper] |
| 10 | Wed. | 10.14.09 | <i>Guest speaker II</i> | |
| | Mon. | 10.19.09 | <i>2nd Yr FIP (No Class)</i> | |
| | Wed. | 10.21.09 | <i>2nd Yr FIP (No Class)</i> | |
| 11 | Mon. | 10.26.09 | Managing Growth | [Individual Paper] |
| 12 | Mon. | 10.28.09 | Exit and Harvest | [Individual Paper] |
| | Fri. | 10.30.08 | | Team Report Due |

[Individual Paper] -- You may submit a recitation paper to this class.

Fall 2009, Quarter 2

| Nu. | Day | Date | Topic | Assignment Due |
|-----|------|----------|------------------------------------|--------------------------------|
| 1 | Mon. | 11.2.09 | Intro & Overview | |
| 2 | Wed. | 11.4.09 | The Entrepreneurial Process | |
| 3 | Mon. | 11.9.09 | Generating Ideas | |
| 4 | Wed. | 11.11.09 | Team Building | [Individual Paper] |
| 5 | Mon. | 11.16.09 | VC Financing | Individual Exercise Due |
| 6 | Wed. | 11.18.09 | <i>Guest Speaker I</i> | Team Outline Due |
| 7 | Mon. | 11.23.09 | Business Models | [Individual Paper] |
| 8 | Wed. | 11.25.09 | D.D.P. | [bring laptops to class] |
| 9 | Mon. | 11.30.09 | Judo Strategies | [Individual Paper] |
| 10 | Wed. | 12.2.09 | <i>Guest Speaker II</i> | |
| 11 | Mon. | 12.7.09 | Managing Growth | [Individual Paper] |
| 12 | Wed. | 12.9.09 | Exit and Harvest | [Individual Paper] |
| | Fri. | 12.11.08 | | Team Report Due |

[Individual Paper] -- You may submit a recitation paper to this class.