



**The Wharton School  
University of Pennsylvania**

**MGMT 801: Entrepreneurship (0.5 cu)**

Spring 2013

Tuesdays & Thursdays 10:30am-12 pm

Tuesdays & Thursdays 12-1:30 pm

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***COURSE DESCRIPTION***

This course is about examining the many dimensions of entrepreneurship, providing a broad overview of early stage growth ventures. Understanding the difference between a mediocre, a good, and a tremendous venture opportunity is important for all managers, because each of you will encounter entrepreneurs as customers, suppliers, partners, rivals, and/or portfolio companies. The purpose of Management 801 is to help you assess the potential of a venture and improve its positioning, whether you want to start a company, buy into a company, invest in a company, or create a new business inside an existing organization. It is targeted at those who wish to work for or with ventures that can grow to a significant size, not those primarily interested in small business.

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, 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 entrepreneurial phenomenon 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.

## ***COURSE REQUIREMENTS***

### **Attendance, Preparation and Participation**

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. However, *Crossing the Chasm* by Geoffrey Moore, is not in the Coursepack, as the charges to reproduce the pages assigned for reading cost more than the actual cost of the book (approx. \$12). Therefore, please buy the book, or check it out from the library.

### **Grading**

Your final grade will consist of the following elements:

Daily 'poll' & active class participation	25%
Individual paper	20%
Team project	40%
Team project presentation	15%

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.***

## Daily 'Poll' & Active 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.

A survey question will be posed in the "assessments" section of Canvas 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. You are responsible for responding to the poll no later than 8:00 AM the day of class.

- Canvas tracks / credits your responses. Please do not submit answers via email.
- Keep a record of your response and bring it with you to class.

## Individual Paper (20%)

Students should post completed work to their personal Canvas folder (under the 'Individual Exercise & Papers' folder).

- The submissions are due no later than 5:00 PM the day of class. No late work will be accepted.
- You may be asked to present your answers to the class.
- This is an individual assignment, though you may later choose to develop your concept in a business plan as part of the Team Project.

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. The individual paper is a 2-page assignment in which the goal is to outline the basics of a venture idea or opportunity.

Potential sources to spark a new idea or opportunity:

1. Individuals in academic programs at Penn outside of Wharton. Consider visiting open houses or seminars at other departments (for example, [http://www.grasp.upenn.edu/seminars\\_events](http://www.grasp.upenn.edu/seminars_events), <http://www.lrsm.upenn.edu/>)
2. A university technology transfer office. Penn has an extensive site, (<http://www.ctt.upenn.edu/index.php?category=49>) but you may use other universities as well.
3. People in your selected industry of interest. Consider interviewing a couple individuals to find potential problems that might be solvable, or user innovations that might be exploitable, as discussed in class.

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. Please submit a 2 page double-spaced paper.

### **Final Team Project – Analysis Paper (40%) and Presentation (15%)**

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 4-6 people, and will be asked to perform an analysis, write a 20 page analysis paper, and present their project to the class at a mini-conference on **Feb 21<sup>st</sup> or 26<sup>th</sup>**. You will have two options from which to choose from for the team project; details of the final team project will be announced in class. Regardless of which option you choose, the paper will be evaluated on two things: the strength of your *framework* and its *application*.

#### ***Project Team Formation***

I will assign you to teams of 4-6 members based on team member bios that will be completed on the first day of class. Teams will be formed in such a way as to maximize diversity in gender, functional experience, industry experience, entrepreneurial experience, and group skill strengths.

#### ***Presentation***

Each team will give a 20 min presentation of their project, followed by 5 min of questions. Further details will be announced in class.

#### ***Peer evaluation***

The individual final grade will depend on a weighted peer review of effort by your 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 paper.*

## ***COURSE OUTLINE***

Session	Date	Topic	Readings	Details for this session
1	Thurs, Jan 10	Introduction & Overview	- <i>Case study: Apple's Core</i> , HBS case 9-809-063	Be prepared to discuss questions about "Apple's Core": - Is this a good founding team? - What should Wozniak do now?
2	Tues, Jan 15	The Startup Simulation	- "How to Write a Great Business Plan" by W.A. Sahlman, <i>Harvard Business Review</i> , July-August 1997, pp.98-108 - Highland Capital Partner's very short "Writing a Business Plan" <a href="http://www.hcp.com/writing_business_plans">http://www.hcp.com/writing_business_plans</a>	<i>In-class simulation</i>  - 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.
3	Thurs, Jan 17	Generating & Evaluating 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?
4	Tues, Jan 22	<i>No Class</i>	<i>Team meetings;</i>	

			<i>Set up appointments to meet with me</i>	
5	Thurs, Jan 24	<p>Founder &amp; Management Team Issues:</p> <p>Power and Money Among Founders; Quality of the Management Team; Hiring and Firing in a Startup Environment</p>	<p>- “A Note on the Legal and Tax Implications of Founders' Equity Splits” by Noam Wasserman and Lauren Barley, HBS Note 809110</p> <p>- Firing simulation packet</p> <p>- <i>Whartonite Seeks Code Monkey</i>, try not to wince: <a href="http://whartoniteseekscodemonkey.tumblr.com/">http://whartoniteseekscodemonkey.tumblr.com/</a></p>	<p><i>In-class simulation</i></p> <p>Be prepared to discuss the following questions:</p> <p>- How do you find the right technical hires and avoid being listed on Whartonite Seeks Code Monkey?</p> <p>- How does process fairness apply to startups?</p>
6	Tues, Jan 29	Building for the Future; Flexibility and Focus	<p>- “Disciplined Entrepreneurship”, <i>MIT Sloan Management Review</i></p> <p>- “Translating strategy into effective implementation: dispelling the myths and highlighting what works”, <i>Strategy &amp; Leadership</i></p>	<b>* Individual Paper Due *</b>
7	Thurs, Jan 31	Financing; Profit Leverage	<p>- <i>Case study</i>: Walnut Venture Associates (A), pp. 1-11 only; <i>HBS case 9-899-062</i>.</p> <p>- <i>Case study</i>: Walnut Venture Associates (D), <i>HBS case 9-899-097</i>.</p> <p>- “Venture Capital” by Bagley and Dauchy, <i>The Entrepreneur’s Guide to Business Law</i>, 1998 [to look up terms</p>	<p>Be prepared to discuss the following questions:</p> <p>- Put yourself in Wagner’s shoes for Walnut “A.” What aspects of the potential deal require the most due diligence? Are there any potential deal-breakers?</p> <p>- Put yourself in</p>

			you may be unfamiliar with from the Walnut Venture Associates case]	O’Conner’s shoes, when you are evaluating Walnut “D”: What might trouble you about the terms?
8	Tues, Feb 5	Business Models	<ul style="list-style-type: none"> <li>- <i>Case study: "Zipcar: Refining the Business Model"</i> HBS Case 9-803-096.</li> <li>- “Note on Business Model Analysis for the Entrepreneur,” HBS 9-802-048.</li> </ul>	<p>Be prepared to discuss the following questions:</p> <ul style="list-style-type: none"> <li>- What are the biggest potential selling points for Chase to push in trying to raise capital? What is the potential size of the market for Zipcar?</li> <li>- Which elements of the May 2000 plan would you want to monitor most closely during early roll-out in order to ensure that the business could be profitable?</li> <li>- Given the data in Table 8b, what actions would you suggest?</li> </ul>
9	Thurs, Feb 7	<i>No class</i>	<p><i>Team meetings;</i></p> <p><i>Set up appointments to meet with me</i></p>	
10	Tues, Feb 12	Sales & Marketing	<ul style="list-style-type: none"> <li>- <i>Crossing the Chasm</i> by Geoffery Moore, pp. 1-64</li> <li>- Elsbach, “<i>How to Pitch a Brilliant Idea</i>”, HBR reprint R0309</li> </ul>	<i>In-class simulation</i>

11	Thurs, Feb 14	Managing Growth & Scalability	<ul style="list-style-type: none"> <li>- <i>Case study</i>: Crunch, HBS case 9-899-233.</li> <li>- “Note on Building the Self-Sustaining Firm” by A. Bhidé, HBS Note 9-395-200.</li> </ul>	<p>Be prepared to discuss the following questions:</p> <ul style="list-style-type: none"> <li>- Should Crunch buy SportsLife?</li> <li>- What are the biggest challenges facing Crunch?</li> </ul>
12	Tues, Feb 19	Exiting & Harvest	<ul style="list-style-type: none"> <li>- <i>Case study</i>: Nantucket Nectars: The Exit, HBS case 9-810-041.</li> <li>- “The Harvest and Beyond” by J.A. Timmons, Chapter 18 in <i>New Venture Creation</i>, Irwin McGraw-Hill, 1999, pp. 573-580.</li> </ul>	<p>Be prepared to discuss the following questions:</p> <ul style="list-style-type: none"> <li>- If you are Tom and Tom, what is the minimum price you expect for Nantucket Nectars?</li> <li>- If you were advising Tom and Tom, what would you tell them to do?</li> </ul>
13	Thurs, Feb 21	<i>Final Presentations</i>	<i>Team Presentations</i>	
14	Tues, Feb 26	<i>Final Presentations</i>	<i>Team Presentations</i>	<b>* Final Project Due on Tues, Feb 26 *</b>
15	Thurs, Feb 28	Course Wrap-up; Navigating into the Future, and Additional Resources		