The Wharton School
The University of Pennsylvania

Management 806:

FORMATION AND IMPLEMENTATION OF ENTREPRENEURIAL VENTURES

Course Syllabus

Spring 2014

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Day, Time:

Classroom:

Management 806, Spring 2014.

"You miss 100% of the shots you never take" (Wayne Gretzky)
"look before you leap" (common sense)

The purpose of this class is to train you in a set of approaches that can be used to build and test the business model for an entrepreneurial venture. You and a group of your classmates will apply tools such as business model design, interviews, surveys, and minimum viable product testing to systematically refine and validate a new venture concept. As a part of this, you will be pitching your idea at multiple times to your classmates and, ultimately, to a panel of investors.

We will also dedicate a portion of every class (20-40 min) to discussing issues that arise as you and your classmates work on your businesses. The idea is to leverage the collective wisdom of the class to help you overcome problems and strengthen your model. If you'd like to discuss something, ***email me no later than 12 hours before class*** so that I can put you on the agenda.

Also, please note that ***only 10 ventures*** will be selected for further development through the class. As such, there is no guarantee that you will be able to work on your specific venture idea. Everyone will have a chance to pitch their idea in Session 2, after which you will self-select into teams. ***I expect to meet with each team at least once over the course of the semester.***

Throughout the class, you will be expected to apply skills learned in Management 801, as well as strategy, marketing, accounting, finance, and other Wharton classes. All of the readings for your assignments (with the exception of the book *Business Model Generation*), can be found in the Course Pack on Study.Net. Many additional resources are available on the course Canvas site.

Extensive group work outside of class is essential to your success!

Class Policies

Grading: The details of grading will be explained in class. Your business model canvas and class participation are the major components of your grade. You will also be reviewed by your teammates at the end of class, and failure to pull your weight in your team can have a large impact on your final grade.

Intellectual Property: The class, by necessity, will involve your classmates learning about your business idea. The philosophy of the class is that you are far more likely to be helped then hurt by talking about your idea with everyone who will listen. We can talk about why this is, if you want, and we will have a guest speaker in who will address the issue directly. In any case, you are entirely responsible for protecting your own intellectual property. I do not sign non-disclosure agreements.

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: never copy and paste material from a source into an assignment. Failure to properly attribute work will result in, at a minimum, a failing grade for the assignment. Also, ***if you have worked on your business idea in other classes, you will need to tell me how the work performed in this class will be original.***

II. ASSIGNMENTS AND GRADING

Assignments (75%)
Participation (25%)

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Memo of Introduction (participation points) *Jan. 22*

The purpose of this assignment is for you to let me know a bit about you are and what makes you tick. This will help me to tailor some of the course material to your interests and experiences, and is helpful in terms of knowing who I'm talking to every Monday and Wednesday.

Your MOI should include (but need not be limited to):
- A bit about where you're from and how you ended up at Wharton
- Something interesting about yourself
- Entrepreneurship experience (let me know if you've *worked for a startup or venture fund, if your family has a business, what it does, etc*…)
- Work that you have already done on the venture idea you plan to pursue in class
- What you want to get out of this course

Deliverable: About half a page: 12 point font.

Initial Business Model Canvas (5%) **Jan. 29**

There are nine components to a business model canvas – product, value proposition, customers and customer relationships, distribution channels, key activities, resources, partners, revenues, and costs. Your business model canvas will need to address each in some detail. A template will be uploaded to the course website.

Beyond this, though, I want you to think about assumptions in your model that will need to be validated in order to determine if the venture is worth pursuing. This will form the basis for the balance of the class which will focus on testing key hypotheses and iterating or pivoting your model.

Deliverables: Single page business model canvas snapshot; 2-3 pages of supporting discussion.

Industry Analysis (10%) **Feb. 19**

The purpose of this assignment is to show your expertise in the industry where you plan to launch your venture. Based on proprietary and archival sources, you will provide a systematic overview of the industry, key players, direct and indirect competitors, the total addressable market, your specific market niche, and an analysis of why your venture idea addresses an important gap (and why current players haven't tried to fill it).

Deliverable: About 5 pages: 12 point font, double spaced.

Interview Results and Revised Canvas (10%) **Feb. 26**

Here, I'm looking for a discussion of what you learned through the interviews that you conducted. You will need to discuss your interviewing strategy, what you were trying to learn, how many people you talked to, and what they told you. Also, discuss which assumptions the interviews addressed and how your model has changed (or not) as a result of what you learned.

Deliverable: About 5 pages discussing interview strategy and key takeaways; single page revised business model canvas marking which assumptions were addressed and identifying new ones that have emerged; the interview guide that you used.

Survey Instrument (participation points) **Mar. 5**

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Designing a good survey is tough. I want to make sure that you maximize the utility of this exercise and the quality of the data collected. Send me your survey by March 5; I'll look at it and send back suggestions about how it can be improved.

Deliverable: Survey instrument in text format.

Survey Results and Revised Canvas (10%)   **Mar. 17**

As with the Interview assignment, I'm looking for a discussion of what you learned through your survey and how this has affected your business model. Discuss your survey design, sampling strategy, implementation, response rate, and findings. Also discuss which assumptions the survey data address and how your model has changed (or not) as a result of what you learned.

Deliverable: About 5 pages discussing survey strategy and key takeaways; single page revised business model canvas marking which assumptions were addressed and identifying new ones that have emerged; the final survey instrument that you used.

Minimum Viable Product *(MVP)* **(5%)**   **Mar. 31**

As you will learn, there are many types of MVP tests. For this assignment I want to see the actual test instrument that you have developed. I will be paying particular attention to its appropriateness and utility for gathering customer behavioral data.

Deliverable: The test that you're using (e.g., landing page screenshots; description of a 'Wizard of Oz' test; product demo/video, etc…) and a brief discussion of its purpose and functioning (~1 page).

Minimum Viable Product Results and Revised Canvas (10%)   **Mar. 31**

Per the interview and survey assignments, I'm looking for a discussion of what you learned through your MVP test and how this has affected your business model.

Deliverable: About 5 pages discussing MVP implementation, data gathered, and key takeaways; single page revised business model canvas marking which assumptions were addressed and identifying new ones that have emerged; the final MVP that you used.

Final Canvas (25%)   **April 17**

Same basic structure as the initial canvas assignment, but reflecting the changes you've made over the course of the semester. I'm interested in seeing how things have developed and changed, as well as your assessment of the viability of the final plan.

There are three components to this assignment:
1) The business model canvas with 8-12 pages of supporting analysis that encompass the learnings from your initial research as well as your hypothesis tests (10%)
2) A 3-5 page analysis of the viability of your plan (5%)
3) A 20 minute presentation where you pitch your idea to a panel of equity investors (10%)

Individual Contribution Discount Rate

Your individual effort will be evaluated by each of your team members (out of 100%). This will be applied as the discount rate on your group mark. For example, an average evaluation of 80% means that I will multiply your overall group mark by .8 to arrive at your final score.

Participation 25%

Participation is a big part of effective learning, and I recognize that this can take a variety of forms. To this end, I'll give you a number of ways to get participation points. There is no need to do all of these to get a good mark, though you're certainly welcome to. These include:

1. **Attending class** – pretty basic. Absences and tardiness will negatively affect your grade.

2. **Participating in classroom discussions** – quality is important here; try to link your comments to the readings, relevant personal experiences, or previous class discussions. I'm particularly interested in the quality of the contributions you make to your classmates' venture ideas.

3. **Written reflections on class discussions/readings** – a couple of paragraphs outlining your thoughts, insights, or connections with the venture that you're working on.

4. **Written comments to your peers** – each group will be presenting a number of times throughout the semester. If you want to write down some of your thoughts and send them to another team, cc' me and I'll give you get credit for it.

5. **Pre-class polls** – there will be polls before each session where we discuss a case (and for many others as well: I'll give you lots of notice).

I don't follow a set method for quantifying participation. I'll make a note each time you do one of the above and how well you do it. At the end of the semester, everything will come together into a global assessment of your participation. A good rule of thumb is that if I don't know your name by the end of the semester, you probably aren't getting a good participation grade.

III. COURSE OUTLINE AT A GLANCE (subject to change)

Session		Topic	Deliverables
Nu.	**Date**		
1	W. Jan 15	**Introduction & Course Overview**	
	M. Jan 20	*Martin Luther King Junior Day (No class)*	
2	W. Jan 22	**Venture idea pitch day**	**MOI due**
3	M. Jan 27	**The Business Model Canvas**	**Teams formed**
4	W. Jan 29	**Initial Canvas Presentations**	
5	M. Feb 3	**Disrupt!** Creativity, innovation, and Blockbuster Products	
6	W. Feb 5	**Defending your model exercise/competition**	
7	M. Feb 10	**The Lean Startup:** Introduction/refresher on hypothesis testing	
8	W. Feb 12	**Becoming an Expert:** Research strategies for understanding your context	
9	M. Feb 17	**Intellectual property:** Protecting your IP in the Lean Startup	
10	W. Feb 19	**Customer Contact:** Using interviews for customer insight	**Ind. analysis**
11	M. Feb 24	**Creating Value:** Revenue models and monetization	
12	W. Feb 26	**Revised canvas presentations**	**Intrview results + revised canvas**
13	M. Mar 3	**Designing Effective Surveys**	
14	W. Mar 5	**Guest Speaker:** *TBC*	**Survey instrument**
March 8-16		*Spring Term Break (No classes)*	
15	M. Mar 17	**Revised canvas presentations**	**Survey results + revised canvas**
16	W. Mar 19	**MVP Testing:** Smoke tests, landing pages, and other behavioral tests	
17	M. Mar 24	**Coding for Entrepreneurs:** Building your MVP	
18	W. Mar 26	**Guest Speaker:** *Joey Hundert*, CEO of Sustainival and Social Entrepreneur in Residence	
19	M. Mar 31	**Resources:** Attracting money, people, and partners	
20	W. April 2	**Legal forms, incorporation, and structuring for investment**	**MVP due**
21	M. April 7	**Funding Innovations:** Crowdfunding and equity options under the JOBS Act	
22	W. April 9	**Revised canvas presentations**	**MVP results + revised canvas**
23	M. April 14	**The VC pitch:** Strategies and deck design	
24	W. April 16	**No Class:** Pitch Preparation Time	
25	M. April 21	**Practice pitches and coaching**	
26	W. April 23	**Presentations to VC panel**	
27	M. April 28	**Practice pitches and coaching**	
28	W. April 30	**Presentations to VC panel**	**Final Canvas**

IV. READING LIST – MGMT 806 Spring 2014, Prof. Wry

Session 1: Introduction & Course Overview

Session 3: Introducing the Business Model Canvas
"Business Model Generation" by A. Osterwalder & Y. Pigneur, 2009, pp. 1-56.

"Business Model Analysis for the Entrepreneur" HBS 9-812-096.

Session 5: Disrupt! Creativity, innovation, and blockbuster products
"Creating Value through Business Model Innovation" by R. Amit and C. Zott, *Sloan Management Review,* 2012

"Startups Rarely do Anything Well" http://venturefizz.com/blog/startups-rarely-do-anything-well

Session 7: The Lean Startup
"Hypothesis driven entrepreneurship: The lean startup" by T. Eisenmann, E. Ries, S.Dillard, HBS Note 9-812-095.

"Dropbox: It just works!" HBS case 9-811-065

Session 9: Intellectual Property
"Do patents really matter to startups?" (link to be provided)

"Intellectual Property and Strategy", HBS Note 9-704-493.

Session 10: Customer Contact
"Customer discovery and validation for entrepreneurs" by F. Cespedes, T. Eisenmann, S. Blank. HBS note 9-812-097

"Customer visits for entrepreneurs" by F. Cespedes, HBS note 9-812-098

http://giffconstable.com/2010/07/12-tips-for-early-customer-development-interviews/

Session 11: Creating Value and Monetization
"Entrepreneurs at Twitter: Building a Brand, a Social Tool or a Tech Powerhouse? " by S. Parker & K. Mark. Ivey Case 9B10M028

Session 13: Designing Effective Surveys

Session 17: MVP Testing
"The Lean Startup" by E. Ries. Chapter 4 [optional]

Review: "Hypothesis driven entrepreneurship: The lean startup" by T. Eisenmann, E. Ries, S.Dillard, HBS Note 9-812-095.

Session 19: Resources

"Uber: 21st Century Technology Confronts 20th Century Regulation". by S. Callander & D. Hoyt. Stanford GSB Case P81.

"Catalyzing strategies and efficient tie formation: How entrepreneurs obtain venture capital Ties" B. Halen, K. Eisenhardt. *Academy of Management Journal*, 2011. (link to be provided)

"Cultural Entrepreneurship: Stories, Legitimacy, and the Acquisition of Resources". M. Lounsbury, MA. Glynn, *Strategic Management Journal*, 2001 (pgs. 1-8) (link to be provided)

Session 20: Legal forms, Incorporation, and Structuring for Investment

"A Note on the Legal and Tax Implications of Founders' Equity Splits" by N. Wasserman & L., HBS Note 9-809-110

Y-Combinator "Series AA Termsheet" available at: http://ycombinator.com/seriesaa.html

Session 21: Funding Innovations

"The dynamics of crowdfunding: An exploratory study". by E. Mollick. *Journal of Business Venturing*, 2013 (link to be provided)

Session 23: The VC Pitch

"Entrepreneur Passion and Preparedness in Business Plan Presentations: A Persuasion Analysis of Venture Capitalists' Funding Decisions" by X.P. Chen, X. Yao, and S. Kotha, *Academy of Management Journal,* 2009, 52, p. 199 [read the introduction, pp. 199-200, and discussion pp.209-211]

"How to Pitch a Brilliant Idea" by K. Elsbach, *Harvard Business Review*, September 2003, p. 117.

"Defend your Research: We can Measure the Power of Charisma" by A. Pentland, *Harvard Business Review*, Summer 2009, p. 35.