

BUS 213 ~ Entrepreneurship ~ Fall 2007

PROFESSOR Dr. Page West 758-4260 Office hours:
 313 Kirby Hall westgp@wfu.edu M/W 10:00 – 12:00 & by appointment

CLASS MEETING Tuesday & Thursday, 12:00 - 1:15 pm, Manchester Hall 121
Occasionally, we may have guest speakers or will meet at other times in lieu of class.

COURSE OBJECTIVES

This course exposes you to multiple facets of entrepreneurship, and will help you learn about creating new ventures in a very hands-on fashion. A broad range of practical ideas and tools will be presented which enable you to understand characteristics of successful new business startups. This will be accomplished through a few readings and cases, but mostly through projects that convey the essence of working in ambiguous and highly-charged environments.

Entrepreneurial skills are highly valued in today's marketplace. What you do in this course will be of value to you in whatever jobs you have after college – whether in startup companies, small businesses, or larger corporations. The skills you will practice through assignments include:

- clear strategic and financial thinking about creating value
- organized and focused writing
- organized and focused presentations

The course will concentrate on three areas that define successful entrepreneurial pursuit: opportunities, management, and the deal. Distinguishing between "ideas" and viable business "opportunities" is vital. Entrepreneurial management is also vital, requiring participants to step into unfamiliar roles and actions, and it is not comfortable for everyone. Financial components of venture formation will be analyzed through the study of financial statements, various sources of capital, and the structuring of financing deals.

You will be producers of education here, not just consumers. Successful entrepreneurship is rooted in motivation and overcoming challenges. The study of entrepreneurship requires an interactive learning environment that demands a high level of participation and practice from students. You are expected to complete a series of assignments in a timely fashion, and to participate actively in class discussions.

REQUIRED READINGS

There is no textbook for this course.

Harvard cases & readings packet. Available only in the WFU bookstore.

Other required materials are available on BlackBoard. Visit the following website to view the course materials and find posted documents:

<https://blackboard.wfu.edu/>

COURSE CULTURE

Performance Evaluation. Both individual and team efforts are absolutely essential to success in entrepreneurship, and in this course as well. Your individual performance will be evaluated by me, and your team performance will be evaluated by both me and members of your team. I adhere to WFU grading standards:

- | | | | |
|---|----------------------------------|---|------------------------------|
| A | "Exceptionally high achievement" | C | "Satisfactory" |
| B | "Superior" | D | "Passing but unsatisfactory" |

In the real world new ventures do not stand a chance of getting funded or succeeding if the quality of thought going into the business is a C or even a B. In this course I urge you to strive for an A. To accomplish such a level of

distinction requires dedication, determination, and excellence in all aspects of the work we do. It is an achievement you will remember forever, and I would very much like to help you in this endeavor.

Class Conduct.

- This course will be different from most. A number of class periods will be devoted to team meetings with the professor, in order to provide more one-on-one advising about team projects.
- When in class, the following should remain off and put away: cellphones (off, not on silent ring), iPhones, PDAs, iPods, laptop computers, etc.

Guidelines for Written Work. Effective writing and speaking form an integral part of the evaluation criteria. Clarity and quality of presentations (both written and oral) will also be a critical determinant of grades received. All written work must be on standard 8.5" x 11" paper. All work must have one-inch margins, 11 point font size, and be single spaced. Succinct, high-impact work is valued. Submissions are not accepted late, out of specification, or in any form that obtains an unfair advantage over other students.

ASSIGNMENT DESCRIPTION

This course requires strong individual effort and strong team effort. The assignments and weights are as follows:

Project	Individual/ Team	Percent	Due Date
Case assignment questions	Individual	10	10/2 & 10/11
3-minute podcast	Individual	10	10/25
Networking challenge	Individual	10	10/25 begin
Interview with entrepreneur	In pairs	20	11/15
Research & data summary	Team	10	9/28
Venture screening	Team	10	10/19
Completed business plan (with presentation)	Team	30	12/6
Contribution and team effort "fudge factors"	Individual	up to 10	ongoing

Case assignment questions. Each student must submit written responses to two cases we will discuss in class.

3-Minute Podcasts. (See attachment for further details) A great deal of entrepreneurship involves delivering a focused message, based on exacting research, in a short time frame. Excellence in research, organization, writing, and speaking are distinguishing characteristics of successful entrepreneurs and their new ventures. This assignment provides practice for these skills.

You will develop a presentation about entrepreneurship that can be used on the Wake Forest entrepreneurship website in a series of informative podcasts entitled "The Entrepreneurial Insight." Each student will research the background on a question posed about entrepreneurship during the first week of class, and will summarize their findings in a recorded 3-Minute podcast. Technical details on the development and serving of the podcast will be forthcoming.

Keep the following ideas in mind as you develop your podcast:

- The professor will provide an opening introductory recording to you, which you will add on to the beginning of your recording. The timing of your portion of the presentation must be exactly 3 recorded minutes. Significantly shorter or longer podcasts will be penalized.
- Short clips of interviews with experts (or appropriate others) are encouraged, as these will add interest.
- The presentation must be exciting. Do not simply read your material monotonically. Practice and rehearse your delivery before creating your final recording.
- The content must be informative and interesting to a broad audience. You will need to strike a balance between simply surface coverage of your topic and too much depth.

- The goal of the podcast is to inform the listener, spur the listener to action, and – as appropriate – provide useful information about where the listener may go to get further information.

Networking challenge. The networking challenge requires you to practice networking skills, and to get comfortable stepping out of your comfort zone by talking to people you do not know. You will be assigned the name of someone you will need to get in touch with through the process of networking. Details will be announced later. Grades will be earned based upon who completes their networking task the fastest.

Interview with an entrepreneur. (See attachment for further details) Pairs of students will conduct an interview with an entrepreneur of their choice. This assignment exposes you to an individual who is or has been actively engaged in an entrepreneurial activity. Such interaction will provide you with insight that cannot be obtained from classroom experience alone. You will turn in a 3-page (single-spaced) paper summarizing the interview. The focus of the interview should be to discover

- What prompted the entrepreneur to open the business?
- How did the entrepreneur's previous experience in business influence his/her decision to start up a company?
- How entrepreneurs view uncertainty.
- What networks of people did the entrepreneur use in the startup stages to resolve uncertainty?
- What resources did the entrepreneur want or need from the community that were not there?
- How does the entrepreneur think about and define success?

The interview may not be conducted with any family member, any guest who visits our classes, or anyone affiliated with the Wake Forest University Reynolda campus. The interview must be conducted in person, not over the telephone. Plan your interview effort early on, since entrepreneurs are busy people and hard to catch up with.

Contribution and team effort "fudge factors". I will not be grading class discussion participation. However, since in this course we live in a world of ideas and critical thinking, active and thoughtful contribution will make our classes more valuable. I will ask for volunteers for discussion, and students will be randomly selected to participate in or lead case discussions and other exercises.

- See Attachment on "Case Review Questions"

A team peer appraisal will evaluate whether each student contributed conscientiously on a timely basis and with a positive outlook toward the development of the business plan and presentation. If a team decides during the course that one of its members is not pulling his/her weight, the team may - after consulting with the professor - recommend firing that member. If a member is fired, s/he will have to complete a business plan on her/his own.

Together, these factors can be worth up to one full letter grade on the final semester grade.

BUSINESS PLAN DEVELOPMENT

The development of a business plan is the major semester project in this class. We will move quickly from idea generation about new venture opportunities to the formation of teams around a subset of ideas proposed. Once teams are formed, each team will work to further develop and refine their idea into a complete business plan.

Idea Generation. (See attachment for further details) Each student is required to generate 3 ideas for new ventures.

Each idea should be presented in a one-paragraph format that describes the idea, and why you believe there is opportunity for a venture that builds on this idea. You will need to select one of your ideas to present to the class.

- No ideas allowed for a bar, brewpub, any type of alcoholic beverage, tobacco or related products.

All individuals' selected ideas will be presented in an "Elevator Competition" held during the 3rd week of class. At the competition, each student will be given the opportunity to sell his or her classmates on the venture idea. Each person will have 2 minutes to communicate the idea to the class. At the conclusion of the class students will self-organize around ideas they would be interested in working on, and teams will then be formed. Any unaffiliated students will be assigned to a team by the professor.

Research & Data Summary. (See attachment for further details) Each new venture team will conduct initial research on the "market" and competitors for the product or service captured by the idea. Secondary research must be conducted, and it may be that primary research is helpful to better dimensionalize the nature of the opportunity. Each team will turn in a 2-page summary of its findings. These will be graded based on the breadth and depth of the research and the extent to which the findings answer initial questions about the market and commercial potential for the proposed idea.

"Three Forces Interviews." Part of the research effort will be to become familiar with suppliers, customers, and potential competitors. These are three of the five forces we examine in an "industry analysis." Each member of your team must conduct an interview with a potential customer, potential supplier, and potential competitor. The interview must be conducted either in person or over the phone – no emails, no texting, no internet searching or chat rooms – each team member must speak to these people directly. Each team member should simply state that s/he is conducting research for a college project on a potential new product or service, and is seeking points of view from those in the market. The goal is to find out what customers and suppliers might like and respond to, as well as what they might not like and not respond to. And talks with potential competitors should seek to identify how they might view the nature of the new product/service opportunity, and how they might respond.

An attachment to the 2-page document should list the names, companies and contact information (address and phone number) for each supplier, competitor, and customer interviewed by each team member.

Venture Screening. (See attachment for further details) Each team must then complete a feasibility analysis of the idea. That is, each team is responsible for carefully evaluating the venture idea and presenting it clearly and succinctly in a 2-page document. This is a document intended to sell the reader on the opportunity and potential value of the new venture concept. To do so the team will need to consider the market, competition, user benefits, window of opportunity, etc. Evaluations will be based upon the clarity and quality of the presentation, and the extent to which critical questions about the idea are answered.

Each team will present to the class its findings from the screening process. The presentation offers the opportunity for the team to hear questions and comments from the class that require further clarification. Along with advice and guidance from the professor, the team will continue working to develop all aspects of a more complete business plan.

Preliminary business plan. Prior to the end of the semester, each team will make a presentation of its preliminary business plan to the class. Again, this provides the opportunity for the team to practice how it describes the new venture, and to receive constructive feedback from members of the class.

Completed business plan. Each team will make an oral presentation of their venture to the class and a panel of judges. Teams should assume they are presenting to venture capitalists and/or potential investors; therefore, each team's presentation should provide a balanced focus on market opportunity, how the proposed business addresses that opportunity and develops strategic advantage, and the potential payoff to the investor.

Class Schedule, Readings, and Assignment Due Dates

	Topic	Reading & Preparation	Assignments I = individual, T = team
08-30 Thurs.	Intro to course & podcast questions	Article: What did you do during the 2000s? (emailed) Article: Humanity's greatest achievement (emailed)	
09-04 Tues.	Creativity & idea generation	Read creativity articles (BB)	
09-06 Thurs.	Opportunity evaluation	CASE: Great Smokies – A (BB)	(I) Turn in 3 ideas for possible new ventures
09-11 Tues.	Idea trade fair		(I) Give 2-minute pitch on one of your ideas
09-13 Thurs.	Screening: strategy, value, sustainability, economics	CASE: PC Build (BB)	
09-18 Tues.	Who is the entrepreneur?	CASE: Kevin Mooney (BB)	(T) Turn in revised concept statement for new venture
09-20 Thurs.	Meetings with professor: feedback on venture idea	Article: Scope of entry (BB)	
09-25 Tues.	No class – professor out of town	Conduct "3 Forces Interviews"	
09-27 Thurs.	No class – professor out of town	Article: How much money does your new venture need (HBS)	(T) Turn in Research & Data summary by 3 pm on 9/28 to Mrs. Baucom in Kirby Hall 316
10-02 Tues.	Forecasting & financial statements	CASE: Great Smokies – B (BB)	(I) Turn in responses to case questions
10-04 Thurs.	Meetings with professor: feedback on data summary	Article: Basic venture capital formula (HBS)	
10-09 Tues.	Startup strategy & planning	CASE: Staples (A) (HBS)	
10-11 Thurs.	Financial mechanics	Article: How fast can your company afford to grow (HBS) CASE: Golf Ball Replenisher (BB)	(I) Turn in responses to case questions
10-16 Tues.	No class – professor out of town		
10-18 Thurs.	No class – professor out of town		(T) Turn in Venture Opportunity Screening by 3 pm on 10-19 to Mrs. Baucom in Kirby Hall 316

	Topic	Reading & Preparation	Assignments I = individual, T = team
10-23 Tues.	Venture opportunity screening presentations		(T) Give 10-minute presentation on screening results
10-25 Thurs.	Business plans & networking	Article: How to write a great business plan (HBS)	(I) Podcasts due (I) Begin networking challenge
10-30 Tues.	Meetings with professor: feedback on venture screening	Article: Note on valuation in private equity setting (HBS)	
11-01 Thurs.	Valuation	CASE: The Knot (HBS)	
11-06 Tues.	Growth planning	CASE: Championship Foods (BB)	
11-08 Thurs.	Review session – open agenda	Come prepared to ask questions that you need clarification on.	(T) Turn in preliminary financial statements
11-13 Tues.	Meetings with professor: feedback on financial stmts		
11-15 Thurs.	Evening class to watch Startup.com video		(*) Turn in interview with entrepreneur * with 1 other student
11-20 Tues.	Initial public offerings	CASE: Krispy Kreme IPO (BB)	
11-22 Thurs.	No class - Thanksgiving		
11-27 Tues.	Preliminary plan presentations	to be determined	(T) Present 15-minute plan to class
11-29 Thurs.	Preliminary plan presentations	to be determined	(T) Present 15-minute plan to class
12-04 Tues.	No class – work on business plan		(T) Email business plan exec summary by 3 pm on 12/3.
12-06 Thurs.	Final plan presentations – evening class		(T) Turn in business plan by 4 pm

Attachment A

Case Review Questions

The following study questions are provided in order to help you begin thinking through the issues relevant to each case or reading. These are by no means the full range of issues that we will discuss, but are only representative. Carefully consider the issues driving the decisions made, and the ramifications of those decisions. Consider what you would do in the same situation and what your recommendations might be for the company moving forward.

Great Smokies (A)

- Should John and David stay, or should they spin off and start a competing business
- What factors would it take to make this new venture successful?
- What else would you want to know about this venture before investing in it yourself?

PC Build

- Is this a good opportunity, or just an idea?
- Describe the kind of relationship which the company might create between its suppliers and its customers. What role does the company expect to play in this relationship?
- Does the company create value?
- What can challenge the sustainability of this venture? What factors provide the prospect of sustainability for this new venture?
- Would you invest in this venture? Why or why not - make a list? What other information would you want to have?
- Who should invest in this business?

Kevin Mooney

- What do you advise Kevin Mooney to do?
- What questions should Kevin ask of his current employer, and what should he ask of Softcorp?
- What are the characteristics and personality dimensions that you associate with entrepreneurs? Does Kevin exhibit these?

Great Smokies (B)

- Use assumptions about the market to develop the following documents: 1) sales forecast and 2) pro forma income statement and balance sheet.
- Perform a breakeven analysis. What does this imply?
- Using assumptions about customers and suppliers and your own ideas, develop a cash flow statement. What does this mean for raising capital?
- How much should they raise? Who should they raise it from? What kind of financing arrangements would you suggest?

Golf Ball Replenishers

- See questions in the case.

TheKnot.com

- What conclusions do you draw about the market opportunity, the people involved, and the strategic approach to this business?
- What do the financial statements reveal about the performance of the company?
- How much money do they need, and how should it be used?
- Who should finance The Knot?
- How would you value The Knot?

Championship Foods

- Develop a financial plan for this company, based on the business plan details.
- How should this company stage its growth from a financial strategy point of view? Recommend a financial plan to take the business to a national level.

Krispy Kreme IPO

- What is the purpose of the IPO offering itself? Does the IPO support the strategic goals and growth plans?

THREE-MINUTE PODCAST

The purpose of this assignment is to

- practice getting data and information on a very focused question
- practice developing a concise argument
- practice delivering your findings with energy in a defined, short time frame

These skills are important for entrepreneurs and new venture managers, who often have only brief windows of opportunity to effectively communicate an important point to an interested party.

Based upon the question you received during the very first class period, develop a presentation about entrepreneurship that can be placed on the Wake Forest University entrepreneurship website in a section entitled "The Entrepreneurship Insight." Each student will research the background on a question posed about entrepreneurship during the first week of class, and will summarize their findings in a 3-Minute podcast to the class. The presentation should accomplish the following:

- pose a question about entrepreneurship that is of interest to the general community ("the hook")
- answer the question by citing recent statistics, trends, or opinions of knowledgeable people
- provide practical advice for those listeners seeking to become active entrepreneurially

The tone and style of the talk must be

- upbeat
- exciting
- informative and
- interesting

The professor will provide a 45-second introductory recording for you to place at the beginning of the material you record. The timing of your recorded information must be **exactly 3 minutes**, for a total podcast of 3:45. You should plan to edit and re-edit your talk, so that it fulfills the characteristics underlined above.

You need not memorize your talk. However, the timing, pace, tone, and inflection of your delivery – in addition to the content you research – will be critical. Therefore, you must rehearse your delivery in advance carefully.

You must also turn in a one-page hard copy document containing your three-minute talk.

Advice: Part of the entrepreneurial challenge is juggling a lot at the same time. Don't lose sight of the podcast assignment. The question card(s) you received during the first class is the topic you will need to develop and record a podcast about (technical details on next page).

Your podcast should be focused on the topic, but that topic may be broader than the specific question you received. For example, one question might have been about the types of businesses that characterized the top companies in last year's Inc. 500 fastest growing companies. There could be a broader topic here than simply last year. What has happened over the last 5 years? Are there trends? Are certain kinds of businesses or industries better places to start up? Why would this be the case? Make sure you focus on your question, but feel free to take some creative license to take the question into an interesting direction.

Research on your topic to put together a compelling 3-minute podcast can't be done at the last minute. So begin now, and plan the development of this piece for the course. Check online resources; seek assistance from business reference librarian Mary Scanlon.

See next page for technical details.....

Instructions for Recording and Uploading Podcasts

Your laptop computer should have Audacity audio recording software installed on it. You can find it under the following menu:

Start/Digital Media Tools/Audio Editors

If you use other recording software, make sure you select the highest bit rate possible (up to 192) and the highest Hz rate.

Steps for recording using Audacity

1. Open Audacity
2. Select Edit/Preferences, and then choose the File Formats tab. In the lower half of the panel is the MP3 export setup box. From the pulldown menu in this box select 192 as the bit rate. Click OK to close this box.
3. Select Project/Import Audio. Import the mp3 audio file that was sent to you as the introduction. This is a 45-second file. Select View/Zoom Out to get a better view of this entire audio file.
4. Click the green play arrow to listen to the file.
5. With the cursor over top of this audio file, click once at 45 seconds and a vertical line will appear. This is where your recording will begin.
6. In the upper right hand side of the top menu, select Microphone from the pull down menu. To the left of this pull down menu is the Mic volume slider. Try setting this initially between the 3rd and 4th notch.
7. Click the red record circle and begin speaking. You may either use the built-in microphone in your computer, or you can plug in an external mike.
8. Do a test recording with your voice to make sure the volume level is consistent with the 45-second intro. Record something short, then press the yellow stop square. Then place the cursor over about 30 seconds and click, and click the play button. This will give you the last 15 seconds of the intro plus your recorded material. If the volume is too different, you can delete your audio track by clicking the x in the corner of the track on the very left side of the screen. Adjust the mic volume slider. Repeat this until you get the volume equalized with the intro.
9. Suggest that you record your material in snippets, say one paragraph at a time. That way, if you mis-speak you have only a small portion to re-record.
10. If you can't complete your entire recording in one sitting, save the file using the File/Save Project command.
11. Once your entire recording is complete, use Save Project. Then also use File/Export as MP3 command. Name your mp3 file using the following convention:
podcast <your last name-your first name>.mp3 (example: podcast west-page.mp3)

Uploading your mp3 file

1. You will need to be connected to the WFU network.
2. Go to Start/Run and type the following path into the space:
\\mis2\west
3. A folder should appear. Copy your mp3 file to this folder.
4. If for some reason you are having difficulty accessing the mis2 server location, physically connect your computer to the network using an Ethernet cord, restart and then log onto WFU's wired network (not wireless), and try again.
5. If you have problems, contact Wayland Caldwell during daytime hours at 782-6038.

You must also turn in a one-page hard copy document containing your three-minute talk.

ENTREPRENEURSHIP NETWORKING CHALLENGE

Many aspects of successful entrepreneurship depend upon building useful and productive networks. The identification of new opportunities results from the gathering together of data through personal networks, which builds a unique view of market space. Solving technical questions about startups, locating the right people to fill the right positions in the new company, identifying suppliers, finding sources of financing, and more: all rely on the development and use of effective networks.

Networking is also a competitive dimension of new venture development. Many prospective entrepreneurs are seeking the best people qualified for certain positions or the attention of a particular venture capital firm. Those who are successful are often those who get there first.

The Entrepreneurship Networking Challenge requires you to develop and practice your networking skills, and to get comfortable with stepping out your comfort zone by talking to people you do not know.

Instructions for Networking Challenge

1. Each student will be assigned the name of someone to get in touch with. The person to whom you are assigned is known for his or her work related to some aspect of what your new venture project is about. This person is your "target."
2. You must actually speak to your target on the phone – no voicemails, emails, text messages, or letters.
3. However, you are not allowed to simply locate the target and call directly.
4. Instead, you must network your way in to the target. That is, you must be referred to the target by someone else – someone who is known personally by the target and with whom you have also previously spoken on the phone.
5. You also may not contact anyone known by your target without first being referred to them, as well.
6. This referral condition holds for every contact you make on your path to your target. For every contact you make as you network your way to your target, you must either know them personally yourself or be referred by someone who knows them personally.
7. When you finally are able to directly call your target after a referral, if your target is not available then either 1) schedule a brief phone appointment through the target's administrative assistant, or 2) leave your cell phone number and 2-3 times when you know you are available to be reached. Option 1 is preferred.
8. When you finally talk on the telephone with your target, you are to state the following:
"My name is [your name]. I am a student in Professor West's entrepreneurship class at Wake Forest University. I previously spoke directly with [the person who referred you to your target], and was referred to you. This is part of the networking exercise you agreed to participate in."

The target may inquire about the extent of networking you did to accomplish the personal referral; be prepared to briefly share your experience. Thank the target for his or her time on the phone.

9. When you have made contact with your target through a legitimate personal phone referral, the target will email me to let me know that you have successfully made contact by telephone through a personal referral.
10. What to turn in. You must turn in your "networking outline." This will include a branched, chronological listing (from start to target) of the following information:
 - Contact name
 - Person who referred you to this contact
 - Date and time of telephone contact.
 - Position, name of company
 - Telephone number

- Email address
- People contact referred you to

Show every branch of your networking tree, including those branches that did not pan out. See format below for what to turn in.

11. Grades will be assigned based upon the order in which the targets report back successful completion of the exercise.

Example of networking summary to turn in:

<p>Joseph Smith Referred by: Known personally Date: 8/23/07, 2:15 pm VP Operations, XYZ Company 336-758-2001 jsmith@xyz.com Margaret Aiken Rory Calhoun Joyce Benedict</p>	<p>Margaret Aiken Referred by: Joseph Smith Date: 8/24/07, 9:00 am Marketing Director, The Limited 213-877-4120 marg.aiken@ltd.com Will Rogers Witt Freedman Emily Harris</p>
	<p>Will Rogers Referred by: Margaret Aiken Date: 8/24/07, 9:30 am Music Director, Colorado Springs Symphony 970-813-0764 will@ccs.org Peter Hackbert</p>
	<p>Peter Hackbert Referred by: Will Rogers Date: 8/31/07, 3:45 pm Professor, Berea College 818-673-0978 hackbert@berea.edu no contacts provided</p>
<p>Joyce Benedict Referred by: Joseph Smith Date: 8/30/07, 4:30 pm Head Chef, The Egg and I 970-456-2873 benedict@egg.com John Deere Walter Pigeon</p>	

INTERVIEW WITH ENTREPRENEUR

Pairs of students will conduct an interview with an entrepreneur of their choice. This assignment exposes you to an individual who is or has been actively engaged in an entrepreneurial activity. Such interaction will provide you with insight that cannot be obtained from classroom experience alone.

The interview may not be conducted with any family member, any guest who visits our classes, or anyone affiliated with the Wake Forest University Reynolda campus. The interview must be conducted in person, not over the telephone. Plan your interview effort early on, since entrepreneurs are busy people and hard to catch up with. The interview must be conducted in person. Appropriate attire is encouraged.

The main focus of the interview should be to discover:

- What prompted the entrepreneur to open the business? Did they see opportunity? Were they fired? Were they attracted by the possibility of becoming rich? Was it a lifestyle decision?
- How did the entrepreneur's previous experience in business influence his/her decision to start up a company? Did s/he possess knowledge specific to an industry that they brought to bear in this new venture? Did they have general entrepreneurial knowledge about how to start up that made this decision easier?
- How entrepreneurs view uncertainty. Did the entrepreneur believe his/her idea was a viable business opportunity, and if so why? How did his/her view about uncertainty change over time? Was this a risky venture, and how did s/he feel about it? Are there new uncertainties that s/he has confronted since starting up?
- What networks of people did the entrepreneur use in the startup stages to resolve uncertainty? Be specific - what people did s/he talk to, what resources consulted? Who were most important in their networking - family, friends, former business associates, professionals like lawyers & accountants, industry contacts, other entrepreneurs - who? Why were these people perceived as important. Who was unimportant, and why?
- What resources did the entrepreneur want or need from the community that were not there? In other words, what resources might communities provide to enhance individuals' efforts at being successful entrepreneurs?
- How does the entrepreneur think about and define success? Was it economic reward that s/he sought, a lifestyle choice, or something else? How has his/her family and personal life been affected?

What to turn in. You will turn in a 3-page (single-spaced) paper summarizing the interview. The beginning of the paper should provide a very short summary of who the entrepreneur is and what new venture s/he is associated with. The paper should clearly address each of the bullet-points above. This is NOT a paper about WHAT HAPPENED. This is a paper about WHAT YOU THINK was going on with the entrepreneur and WHY YOU THINK THIS. Do not just report what the entrepreneur said; instead, evaluate what the entrepreneur said to address the questions above. What is your insight now about the startup process, about uncertainty, about risk, about reward? The evaluation of the paper will be based upon the clarity, quality, and interest of the presentation.

IDEA GENERATION

This is the very first stage of the new venture creation process. Your goal here is to generate 3 interesting ideas for possible new ventures.

Review the ways in which good new venture ideas originate. The early readings offer useful insights on this process. Think about summer or other jobs you have held, and the times you asked yourself the following questions:

- "why do they do it this way; why don't they do it another way?"
- "wouldn't it be great if..."

You have more experience and insight than you may realize! Draw on it for this assignment. Or look around you in your daily life at pet peeves and other ongoing problems experienced by people, and set your mind to ideating a possible solution. It is OK – in fact encouraged – to brainstorm with your friends and apartment- or room- mates.

What to turn in. Select the three ideas which you believe have the greatest commercial potential. You must title each new idea and describe it one paragraph. The paragraph should

- briefly describe the product or service idea,
- describe the customer target
- describe how this might offer advantage over other products/services or offer something unique not previously available, and
- describe why you believe this idea has potential as a new venture growth opportunity right now.

You will need to think about who your target audience is, how large that audience is, and what kind of business operation you might need to set up to reach them effectively.

Condition on the 3 ideas: There may be no ideas for a bar, brewpub, or any type of alcoholic beverage. There may be no ideas for tobacco or tobacco-related products.

Elevator Competition

Select one of your ideas that you feel strongest about. This is the idea you will present in the Elevator Competition. This experience will simulate a 2-minute ride in an elevator, in which you happen to find yourself riding with a venture capitalist who asks you "What are you working on that would be of interest to me and my firm?" You will have two minutes to pitch your potential investor while riding to the 25th floor of the Wachovia Building.

In this case the potential investors are members of your class. Use your 2 minutes wisely. In short order, tell the investors the basic concept, what the market is and why there is a window of opportunity now, what the competitive advantages are, what the benefits are to the investor over the long term. **Excitement, enthusiasm, compelling, now:** these are characteristics that describe how you and your elevator pitch should be!

Practice your presentation in advance! It makes a difference in how it is received!

RESEARCH AND DATA SUMMARY

You are now part of a new venture team that has now been formed around one of the ideas pitched in class.

For this stage you will conduct initial research on the "market" and competitors for the product or service idea. This part of the project will necessitate background research on the characteristics of the industry, market, and competitors related to your venture idea. I do not expect you to address these issues at this stage in infinite detail. However, you should not assume that just generally talking about what you believe to be a market opportunity is sufficient. You must develop documentary research to put this together. Therefore secondary research on basic market dimensions must be conducted.

Primary research may also be helpful to better dimensionalize the nature of the opportunity. Good research does not always rely exclusively on hard numbers and statistics you may find in a library or data books, although this type of "quantitative" research is necessary for this assignment. Qualitative research may also be very helpful in convincing others of the value of your idea. An example of qualitative research might be getting the opinions of a relevant group of potential users/buyers of your product/service (for instance, don't ask students whether they would buy a particular type of babyfood; ask young mothers instead). One student in the past surveyed campus sorority members about their desire and willingness to rent prom dresses versus buying them; this data was not available except through surveys (although the overall size and growth of the dress market was, along with data about the numbers of proms held on college campuses every year). Therefore, to supplement quantitative support you assemble in support of your new venture idea, you may also consider quick surveys of or interviews with potentially interested customers/users. Past students in Entrepreneurship have done quick interviews with people at the mall or at the Reynolda Shopping Village.

What to turn in. Each team will turn in a 2-page summary of its findings. These will be graded based on the breadth and depth of the research and the extent to which the findings answer initial questions about the market and commercial potential for the proposed idea. The paper should not merely present data and research, but should discuss how your findings relate to the new business idea. Data and other facts and figures should be included as exhibits to the 2 pages; use the 2 pages for discussion, evaluation, conclusions.

Part of this report will include a one-page attachment on the "Three Forces Interviews" which each member of your team will conduct. Each member of the team will interview a potential supplier, and potential customer, and a potential competitor about your project idea. The one-page attachment must present a table that lists these interviewees for each team member. Your one-page attachment should list, for each member of your team:

- Name of supplier, customer, and competitor interviewed as part of the "3 forces" assignment
- Name of company each works in
- Contact information: mailing address, phone number, email address (if possible)
- Date you either met with them in person or talked to them on the telephone.

VENTURE OPPORTUNITY SCREENING

The document you turn in should be designed to convince the reader that this idea is really worth pursuing further. Using the handout that describes characteristics and important dimensions of successful ventures, assemble an argument that presents your new venture idea as having viable commercial opportunity potential.

You must address the following in this project:

1. The brief description of your venture idea should be the foundation of your work. This should be a short, but refined, statement of what you submitted earlier in the semester.
2. Use the handout as a guide to investigate certain information which supports your idea; also as a guide to structure your thinking about critical issues to address in creating a document intended to sell others on the value of your idea as a viable business opportunity. You should pay particular attention to the following categories and issues:
 - Strategy – value creation & competitive advantage factors
 - Marketing – how will you effectively & efficiently reach customers
 - Is the opportunity you are outlining compelling? Why?
 - Why does the window of opportunity exist now? How long will the window of opportunity last?
 - Economics - profit potential, capital requirements, sales growth potential, R&D necessary

As mentioned in class, there are sections of the Screening Guide which you may not be able to answer at this time in utmost detail. These include specifics of the "economics" portion. I do not expect you to nail down specifics at this stage. However, rough pencil and paper calculations can be very revealing about size and growth types of issues.

To do this, you will need to think about

- what you might reasonably charge for your product/service
- what it will cost to provide it
- how many you think you might sell (how can you justify this number?)
- what kind of office, equipment, or facilities might be needed
- what does your management team need to look like?

Be aware that if you cannot answer all these questions now, you will need to spend time on these areas later as your idea moves forward in the course. You should be able to document the "industry and market" section very well, and you should detail the strategy and competitive advantage issues as carefully as possible. Finally, to the extent possible, give some consideration to the "harvest" issues mentioned – when and how would potential investors get back their investment and return (are you going to pay dividends, sell the company, go public, what?).

What to turn in. Turn in a 2-page paper. You should cover all the questions outlined above. I am looking for your evaluation and insight, and for critical thinking which goes hand in hand with relevant information you have assembled. The document you turn in should convince the reader that you and a team of people should spend substantially more time and resources developing a more complete business plan. Data and other facts and figures should be included as exhibits to the 2 pages; use the 2 pages for discussion, evaluation, conclusions.