

BUS 213 ~ Entrepreneurship ~ Spring 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 Monday & Wednesday, 1:00 - 2:15 pm, Kirby Hall room 10
Occasionally, we may have guest speakers or will meet at other times in lieu of class.

COURSE OBJECTIVES

This course will expose 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 course will focus 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, and is not comfortable for everyone. Acquiring resources and working through financial components of venture formation will be analyzed through the study of financial statements, various sources of capital, and the structuring of financing deals. The structure and design of the course is designed to help you develop a greater awareness of your possible "fit" within an entrepreneurial environment.

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 from students. You are expected to complete a series of assignments in a timely fashion, and to participate actively in class discussions. Assignments and cases are designed to develop written and oral skills.

TEXTBOOK / READINGS

There is no text for this course. Instead, reading materials will be provided to you, either via Blackboard or handed out in class. These will be supplemented by a small packet of articles which must be purchased at the bookstore. Visit the following website right away to log in for this course:

<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 all around, 1-inch margins, a 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. You should submit work early if you know you will miss a submission date class.

ASSIGNMENT DESCRIPTION

This course requires strong individual effort and strong team effort. The assignments and their weights in this course are as follows.

Project	Individual/ Team	Percent	Due Date
3-Minute podcast	Individual	10	2/21
Case assignment questions	Individual	10	2/19 & 3/07
Networking challenge	Individual	10	3/19 begin
Interview with entrepreneur	In pairs	20	4/02
Research & data summary	Team	10	2/12
Venture screening	Team	10	2/26
Completed business plan (with presentation)	Team	30	4/30
Contribution and team effort "fudge factors"	Individual	up to 10	ongoing

3-Minute Podcasts. (See attachment for further details) This assignment is to 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 3-Minute podcast delivered to the class.

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 timing of the presentation must be exactly 3 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.

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

Networking challenge. The networking challenge requires you to practice your networking skills, and to get comfortable with 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 her/his 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 or with any guest who visits our classes. The interview must be conducted in person, not over the telephone.

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. After each 2-minute elevator talk, the class will be able to ask follow-up questions to decide if they are interested in the venture. 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 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 1-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. Having developed an understanding of the market, the next step the team will take is to familiarize itself intimately 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.

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 one 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.

An attachment to the 2-page document should list the names, companies and contact information for the suppliers, competitors, and customers interviewed by each team member.

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. Three weeks 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
01-17 Wedn.	Intro to course & podcast questions	What did you during the 2000s? Humanity's greatest achievement	
01-22 Mon.	Creativity & idea generation	Read creativity articles	
01-24 Wedn.	Opportunity evaluation	CASE: Great Smokies (A)	(I) Turn in 3 ideas for possible new ventures
01-29 Mon.	Idea trade fair		(I) Give 2-minute pitch on one of your ideas
01-31 Wedn.	Screening: strategy, value, sustainability, economics	CASE: PC Build	
02-05 Mon.	Meetings with professor		(T) Turn in revised concept statement for new venture
02-07 Wedn.	Who is the entrepreneur?	CASE: Kevin Mooney	
02-12 Mon.	Meetings with professor	Scope of entry (BB)	(T) Turn in Research & Data summary
02-14 Wedn.	No class – conduct "3 forces" interviews	How much money does your new venture need (packet)	
02-19 Mon.	Forecasting & financial statements	CASE: Great Smokies (B)	(I) Turn in responses to case questions
02-21 Wedn.	Podcasts		(I) Deliver your 3-minute podcast in class
02-26 Mon.	Meetings with professor		(T) Turn in Venture Opportunity Screening
02-28 Wedn.	Venture opportunity screening presentations	Basic venture capital formula (packet)	(T) Give 10-minute presentation on screening results
03-05 Mon.	Evening class to watch Startup.com video	How fast can your company afford to grow (packet)	
03-07 Wedn.	Financial mechanics	CASE: Golf Ball Replenishers	(I) Hand in answers to questions posed in case.
03-19 Mon.	Business plans & networking	How to write a great business plan	(I) Begin networking challenge
03-21 Wedn.	Growth planning	CASE: Championship Foods	

03-26 Mon.	Meetings with professor	Note on valuation in private equity setting (packet)	
03-28 Wedn.	Valuation issues	to be determined	
04-02 Mon.	Financial planning	to be determined	(*) Turn in interview with entrepreneur * with 1 other student
04-04 Wedn.	Meetings with professor		(T) Turn in preliminary financial statements
04-09 Mon.	Preliminary plan presentations		(T) Present 15-minute plan to class
04-11 Wedn.	Preliminary plan presentations		(T) Present 15-minute plan to class
04-16 Mon.	Venture capital	CASE: Trendsetter	
04-18 Wedn.	Initial public offerings	CASE: Krispy Kreme IPO	
04-23 Mon.	Legal issues in new ventures	to be determined	
04-25 Wedn.	Meetings with professor		
04-30 Mon.	Final plan presentations		(T) Turn in business plan
05-02 Wedn.	Final plan presentations		

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 carefully 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.

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.

Trendsetter

- Assume you are Wendy in the case. You need to explain the competing deal offers to Jason, recommend one deal over another, and tell him why.
- If you could not negotiate any of the terms in either sheet, which would you prefer? Why?
- How would you seek to alter the terms in each sheet during negotiations with each venture capitalist? Which terms would you seek to alter first?

Krispy Kreme IPO

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