

ENTP 311: NEW VENTURE CREATION

Instructor: Dr. Scott Shane
Office: 282 PBL
Telephone: (216) 368-5538
E-Mail: scott.shane@case.edu
Office Hours: By appointment
Class: Tuesdays and Thursdays from 10:00 a.m. to 11:15 a.m.

Course Objective:

To develop the skills necessary for creating a new venture, with a particular focus on communicating through written and verbal presentations.

Course Description and Methodology:

Creating a successful new venture requires a broad range of core skills that students are typically in the process of developing. The new venture creation process provides an opportunity to refine these skills and integrate them into a cohesive plan for a new venture. Additionally, communications of a new business venture's strategy, business model, and competitive advantage, no matter how straight forward, can be a daunting task. This class is designed to give you the hands-on experience of developing all of these skills while producing a viable plan for a new venture.

You will learn how to start and sustain a profitable enterprise. You will develop the skills to screen opportunities, select an appropriate product/market target, obtain the necessary resources to launch a new enterprise, as well as to grow and cash out of a venture.

Although a business plan and presentation of it are the final products of the class, the course explores and develops the more important skills of evaluating a business opportunity, validating markets, and on the skills conducive to venture success, including team building, organizing, planning, and persuading. Additionally, outside practitioners will participate, providing front line insight to the real life issues, challenges and skills needed to fund and launch a successful venture.

Required Text:

Baron, R., and Shane, S. 2008 Entrepreneurship: A Process Perspective, Mason, OH: College Publishing, 2nd edition (ISBN-10: 0324365586; ISBN-13: 978-0324365580)

Course pack from Xanadu.com

Class Format

The course is comprised of both individual and team activities. Individual activities include two tests, class discussion of cases and questioning of quest lecturers, the presentation of a venture idea, and case write-ups. Team activities include the preparation and presentation of a business plan.

Suggested Business Plan Components for BN 420 (Bold type is areas of emphasis in BN 420)

One of the key "products" you will generate in this class is a business plan for a new venture. Your group will write and present a business plan to a mock venture capital firm composed of your instructor and members of the entrepreneurial community.

Although we will talk in great length about the contents of your business plan, it never hurts to lay out the expectations in the syllabus. Your business plan should contain the following elements.

- A. Cover Page
- B. Table of Contents
- C. Executive Summary (1 page)
- D. Market Analysis (2-3 pages)
- E. Marketing Plan (2-3 pages)
- F. Operations Plan (2-3 pages)
- G. Description of the Management Team (1 page)

Team Evaluation

Because this class has team assignments, it is important to ensure that team members do not free ride off of the work of others. For this reason, you will be required to turn in a team evaluation at the time of your presentation. This evaluation is very simple. It will contain your name, your team name, and an allocation of 100 shares of stock options to distribute to team members other than yourself in recognition of their efforts. You will need to provide a one paragraph explanation for why that team member received the options that you awarded. If you award the same number of options to more than one team member, you must also provide a one paragraph explanation of why their performance was equal. You may not discuss this evaluation with other team members. The grading section below indicates the portion of your grade that this evaluation accounts for. Across the business plan and the business plan presentation, **YOUR EVALUATION ACCOUNTS FOR SEVEN PERCENT OF THE GRADE OF YOUR TEAM MATES. TAKE THIS EXERCISE VERY SERIOUSLY.**

Grading Criteria

Idea presentation (maximum score of 9, unless your idea is chosen)	10%
Test 1 (20 points)	20%
Test 2 (20 points)	20%
Case Write-ups (five cases, each worth 2)	10%
Business Plan Presentation (10 points, 2 of which come from your team evaluation)	10%
Business Plan (20 points, five of which come from your team evaluation)	20%
Class participation (10 points, five for attendance, five for participation)	10%

Assignments

January 13	Lecture: Overview of Entrepreneurship Read Chapters 1 and 2
January 15	Guest lecture: What It's like to be an Entrepreneur, Laura Bennett
January 20	Lecture: Identifying a Business Opportunity Read Chapter 3
January 22	Case: "R&R," HBS Case 9-386-019 Study question: Why was the TV Guide Trivia Game an entrepreneurial opportunity for Reiss?
January 27	Lecture: Putting the Team Together Read Chapter 5
January 29	Presentations of business ideas Valuable opportunities for new businesses occur in response to some kind of change. Please use the concepts outlined in the book and the previous lectures to identify a business opportunity. Please follow the steps below to do that:

Step 1: Identify some changes that you have noticed in (1) technology, (2) demographics, (3) social trends, (4) regulation, and (5) politics. List the changes below. *Researchers have invented a fuel cell capable of powering a vehicle.*

- 1.
- 2.
- 3.
- 4.
- 5.

Step 2: After you have made this list, think of the following types of innovations that could occur in response to them: (1) new products or services, (2) new markets, (3) new production processes, (4) new raw materials, and (5) new ways of organizing. Please match the source of the opportunity with the type of innovation that the change would lead to. *Example: The technological change of a fuel cell capable of powering a vehicle creates the opportunity to make a new product, a car that does not have an internal combustion engines.*

- 1.
- 2.
- 3.
- 4.
- 5.

Step 3: Take the five innovations that you have identified and describe an opportunity for a new business to pursue to take advantage of each of them. *Example: I propose starting a business to manufacture cars that use fuel cells rather than internal combustion engines to power them.*

- 1.
- 2.
- 3.
- 4.
- 5.

Step 4: Take the five business opportunities and explain why each of them is a good idea. *Example: It's a good idea to manufacture cars powered by fuel cells rather than internal combustion engines because existing car companies don't have expertise in making fuel cell cars and my education at Case Western Reserve University taught me to make fuel cells.*

- 1.
- 2.
- 3.
- 4.
- 5.

Step 5: Choose one of the five business opportunities that you have identified and prepare a single power point slide that outlines your business opportunity, including all of the information you gathered for your assignment.

Example:

- *Researchers have invented a fuel cell capable of powering a vehicle.*
- *This technological change creates the opportunity to make a car that does not have an internal combustion engines.*
- *I propose starting a business to manufacture cars that use fuel cells rather than internal combustion engines to power them.*
- *This is a good idea because existing car companies don't have expertise in making fuel cell cars and my education at Case Western Reserve University taught me to make fuel cells.*

Step 6: **BY 5 PM ON JANUARY 28, EMAIL ME YOUR POWERPOINT SLIDE AND YOUR TYPED WRITTEN ASSIGNMENT.**

Step 7: You will have one minute to present your business idea to the rest of the class and answer any questions that the class has about it.

Step 8: I will post the power point slides on the blackboard site. **BY 9 AM ON FEBRUARY 3, YOU NEED TO EMAIL ME WITH YOUR TOP THREE CHOICES FOR BUSINESS IDEAS RANKED FROM FIRST TO THIRD. YOU MAY NOT CHOOSE YOUR OWN IDEA.** I will select the top ideas and assign students to teams to pursue those ideas. The person who came up with the idea will be on the team. I will try to assign other people to their preferred ideas.

ANYONE WHOSE IDEA IS CHOSEN AS ONE OF THE IDEAS PURSUED BY THE CLASS WILL GET ONE POINT TOWARDS THEIR FINAL GRADE.

February 3	Lecture: Writing a Business Plan Read Chapter 7
February 5	Case: Zipcar: Refining the Business Model,” HBS Case # 803096. Study question: What is Zipcar’s business model, and how has the model changed? What changes, if any, would you make to the business model?
February 10	Lecture: Financial Statements Read Appendix
February 12	Case: Superior Clamps, Inc., HBS Case # 196040 Study question: Prepare a balance sheet, income statement, and cash flow statement for Superior Clamps.
February 17	Lecture: Financing a New Venture Read Chapter 6
February 19	Guest Lecture: Venture Capital Jamie Ireland, Early Stage Partners
February 24	Guest Lecture: The Process of Raising Money, Lance Heeley
February 26	Test 1
March 3	Lecture: Marketing in a Start-up

	Read Chapter 9
March 5	Guest Lecture: How to Figure out What Customers Need, Dan Quigg
March 17	Lecture: Start-up Strategy Read Chapter 10
March 19	Case: Anasazi Exclusive Salon Products, Inc., HBS case # 295111. Study Question: Do you agree with Anasazi's new strategic plan to meet its milestones? Why or why not? What specific managerial action should be taken to implement the recommendations? Note: We will be simulating a board meeting, as suggested by the case. Come prepared to play the role of entrepreneur AND of venture capitalist. I will randomly assign representatives to engage in the role play during class.
March 24	Lecture: Legal and Other Information You Need Read Chapters 4 and 8
March 26	Lecture: Growing a Business Read Chapters 11 and 12
March 31	Test 2
April 2	No Class
April 7	Lecture: Exit Strategies Read Chapter 13
April 9	Case: "Nantucket Nectars," HBS case # 898-171 Study Question: Should Nantucket Nectars undergo an IPO or sell a part of the company? If you recommend the latter, who should it sell to and why? Note: we will simulate a meeting in which the founders of Nantucket Nectars hire you as an investment banker to advise the company on harvesting. Please come prepared to role play and discuss the pros and cons of each of the options outlined at the end of the case.
April 14	Guest Lecture: What I Learned About Entrepreneurship from my Mistakes, Michael Kennedy

- April 16 Learning to Present, Rhonda Moore, Educational Services
- April 21 Business Plan Presentations (Judges: Kerry Breen and Anita Campbell)
- April 23 Business Plan Presentations (Judges: Todd Federman and Kevin Mendelsohn)