EMBA Friday/Saturday
INTRODUCTION TO VENTURING
Spring 2017
Location: Warren 208
(Warren 416 on Jan 20; Uris 331 on Mar 11, Mar 25, Apr 22)

Professor Geraldine Wu
geraldine.wu@columbia.edu
Office Hours: By appointment

TA: TBA

COURSE DESCRIPTION
Interest in entrepreneurship has skyrocketed. Much of the growth in our modern economy is driven by scalable startups. The availability of cheaper building blocks has created an explosion of startups, which have become exciting opportunities for potential founders, early employees, and investors. Social entrepreneurs are also employing entrepreneurial thinking to address major social and environmental issues. Beyond startups, established companies seek out new opportunities to sustain growth and competitive advantage. In short, entrepreneurial thinking is sought across industries and sectors.

What does it take to launch a successful entrepreneurial venture? How does it happen? How can we transform an idea and a blank piece of paper into an operating business with customers, cash flow, and profits? And importantly, what are the pleasures and challenges of an entrepreneurial career?

The mission of Introduction to Venturing is to expose you to the skills, joys, and frustrations of being an entrepreneur, and for those brave enough, prepare you to start and nurture your own businesses whether you do so immediately or later in your careers. I strive to develop your skills in opportunity identification and evaluation, as well as your understanding of the steps and competencies required to launch a new business. The class is based mostly on case discussion, enhanced by a combination of mini-lectures, group exercises, guest speakers, a simulation, and student presentations of team entrepreneurial projects. The class is appropriate for anyone with a strong interest in new ventures (including social ventures). It is useful not only for potential entrepreneurs, but also for those interested in the financing of new ventures, working
at early-stage startups, or in broader general management (as the startup demands general management in an intensified way).

**Introduction to Venturing** answers the following questions:
- How do you distinguish interesting ideas from real opportunities?
- How do you go from a real opportunity to a winning business model?
- How do you turn a winning business model into an actual business (your venture)?
- What do you need to consider when seeking funding?
- How do you think about the human side of managing an entrepreneurial venture?
- What can you do to manage risk and maximize success in your venture?
- What is the perspective of employees and investors?
- Is an entrepreneurial career right for you?

Your ability to answer many of these questions will emerge from developing some fundamental skills, such as:
- Using a framework to identify and refine entrepreneurial ideas and understand how those ideas relate to core elements of a business
- Using the customer development process to solicit the earliest possible feedback on your value proposition and the compelling (or not) nature of your business idea
- Looking at different business models and working through breakeven analysis, cash flow, and other key financial metrics
- Better identifying early customers to gain and embrace their feedback
- Constructing founder agreements to minimize tensions that often tear founders apart
- Learning how to pitch ideas to investors, partners, and potential employees
- Understanding the different sources of financing and when each one is appropriate
- Determining the value of new businesses at various stages of development
- Knowing when and how to exit

**HOW THIS COURSE DIFFERS FROM OTHER ENTREPRENEURSHIP COURSES AT CBS**
This course is distinct from other courses on entrepreneurship and entrepreneurial thinking in two ways:
- Introduction to Venturing is the first course in a sequence of three classes: (1) Introduction to Venturing; (2) Launch Your Startup; (3) Entrepreneurial Greenhouse. This course is especially relevant for those who don’t have a venture idea or only have an early stage idea.
- This course is designed to be broad, similar to a survey course that provides a set of concrete skills. I also orient my teaching to benefit not just aspiring entrepreneurs, but also those who want to invest in ventures, work in startups, etc.

As an introductory course we cover many topics that are explored in more detail in other course offerings. At the same time, we will also address a range of relevant topics not covered elsewhere. Because of this balance between breadth and depth, **Introduction to Venturing** can be taken in advance of, or in combination with, other entrepreneurship electives.
With that in mind, if you already know that your goal is to explore a specific idea in depth you might consider taking Launch Your Startup instead. It is more project-based and allows students to work individually. If your interest is in a deep understanding of the customer development process, you should consider Lean Launch Pad, which focuses on business model hypothesis testing. If you are primarily interested in deal structure, Entrepreneurial Finance is a better choice. If you are focused on buying a business, consider Entrepreneurship Through Acquisition. Or if your interest is in later stage or family businesses you might consider Family Enterprise and Wealth, Managing the Growing Company, or Family Business Management.

We touch on many of these topics, but clearly not as deeply as a course dedicated to the subject. A single course cannot fully cover all issues that entrepreneurs face in evaluating opportunities, securing resources, and growing their businesses. We must be realistic about what a 12-session course can accomplish. An important objective of the course, therefore, is to highlight key issues and develop an agenda for future learning.

**COURSE REQUIREMENTS**

There are three requirements for the Introduction to Venturing course: 1) online polls for (almost) every class, 2) class participation, and 3) the final group project presentation and paper.

**1) Online Polls:**

For each session that involves a case preparation, you are required to complete an online poll (link posted on Canvas) that is composed of a set of questions related to the case. Submissions are due by **11pm on the evening before each class** meets. The poll answers are typically presented during the class discussion. You may discuss the case with your classmates, but your poll answers must be based upon your own careful analysis. Some poll questions are subjective, while others have correct answers. If you complete the polls you will get full marks (regardless of whether your answers were correct) provided that you indicate your answers were based upon your own careful analysis (per the honor code).

Answering the poll questions should not take much time beyond your normal preparation for class. As a guideline, you should aim to spend no more than 15 minutes answering the poll questions (not including the time needed to read and prepare the cases)—some polls may take you as little as 5 minutes to answer, while others may take you up to 20 minutes, depending on how comfortable you are with the particular subject matter. For the short answer questions in the polls, I am looking for only 1–3 succinct sentences or bullet points. These polls serve as a starting point for our class discussions.

**2) Class Participation:**

You will be evaluated on the quantity as well as the quality of your contribution and insights, with greater weight on quality. You should never hesitate to comment because you are concerned that you are wrong or unsure of your opinion. I will cold call, so please read and prepare the cases thoroughly before arriving in class. Cold calling is designed to move discussion along and give all students in the class a chance to participate, not to intimidate or create a hostile environment. If you are unprepared for any session and you let me know
before class (via email or when you arrive in the classroom), I will not cold call you during that session.

Attendance, preparation, and active participation in our discussions and exercises are essential in this class, as in any class based on the case method. Quality class participation is a significant part of the learning process, and the chief criterion for this part of the grade is your contribution to the learning of others. Accordingly, quality comments include, but are not limited to: a) Contributing to moving the discussion forward, b) Building on the comments of others, c) Providing insights that show evidence of analysis and go beyond repetition of case facts, d) Offering a different, unique, and relevant perspective on the issue, e) Including some evidence or analysis of inherent trade-offs, f) Connecting related personal experiences to the discussion, and g) Asking good and thought provoking questions.

Many of the benefits of the course will be obtained through in-class discussions and exercises. Especially in an area like entrepreneurship, learning occurs through interaction. Failure to attend class will have a significant impact on your class participation grade. Attendance will be taken at each class by passing around an attendance sheet that must be signed. If you cannot attend a class, please email me in advance. Finally, make it a priority to be on time. Please sit in the same seat for each session, and bring your name cards to every class.

Laptops and other technology in the classroom should only be used when relevant to the material being discussed. Please refrain from using your laptop and other electronic devices during class time to engage in non-class-related activities.

3) Final Presentation and Paper:
Students will form self-selected groups (of 3–4 students) to explore an idea for a new business. At the end of the semester, each group will make a 10-minute final presentation of their project followed by Q & A. For the presentation, teams will prepare a 10- to 12-slide investor PowerPoint pitch. A final paper is also required. Both the paper and the power point are to be handed in on the last day of class.

Each team is expected to meet with me twice (by conference call, for 30 minutes each time) to discuss their projects.

The final paper is a maximum of eight single-spaced pages (12-point font), plus five appendices (see details below). Your paper will be graded on four elements: 1) the quality of the final idea and the entrepreneurial insight; 2) the learning and progress that has occurred during the semester; 3) the diligence with which you have executed the study; and 4) the quality of the pitch or presentation. I am looking for good (but not necessarily great) ideas that have been well developed and iterated based on customer feedback, that are also well researched and presented. Keep in mind that the quality of your group’s final idea is not the majority determinant of your final paper’s grade, and it is possible to have a strong grade if the idea is not “high quality.”
The paper should address the following aspects of your proposed venture:

- Brief Description of the Opportunity
- Market and Customer Segments
- Product or Service and Value Proposition
- Competition and Competitive Insulation
- Key Risks
- Timing and Financing

**Appendix 1:**
The Business Model Canvas: Summarizes the key components of your business model (customers, value proposition, revenue streams, etc.)

**Appendix 2:**
Summarize, on 2–3 pages, what you learned about your venture idea from Customer Discovery, including market and value proposition analysis, along with brief summaries of interviews with at least fifteen named (not anonymous) strangers. Provide one short summary paragraph per interview. A stranger is someone you do not know, but have reason to believe has knowledge that will assist you in evaluating your idea. Important interviews with people previously known by you can also be included and can be valuable, but do not count towards the required fifteen interviews. These interviews can and should include: potential customers (including, if applicable, purchase decision makers, distributors, store buyers and end-users), suppliers, investors, people in similar businesses, experts, etc.

**Appendix 3:**
Provide a “simple” one-page breakeven analysis. Identify your economic unit of analysis (typically a single sale). Identify and list all of your fixed costs, including amortized capital expenses. Determine selling price, variable costs and the marginal contribution from each sale. **Be certain to list all of your assumptions.** Divide fixed costs by marginal contribution to determine break-even. Calculate break even in terms of U.S. dollars and unit sales. After completing the analysis, assess and comment on the likelihood of your venture being profitable.

**Appendix 4:**
Provide a cash flow analysis. Start by listing (1) all potential sources of income, loans and investments, (2) all expenditures, including items that will be capitalized and amortized, and (3) the assumptions used to calculate your financials. Do this monthly, until your cash flow turns positive and then yearly starting in the following year. Leave yourself cash balance, as a cushion, at the end of each period equal to at least one or two months’ expenses. Remember to plug in the source and timing of equity investments and/or borrowings. Your cash flow should answer two questions:

1) In what month are you cash flow positive?
2) In what month do you recoup your total investment?
Appendix 5:
Create a to-do list or action plan for launching your proposed venture. This should include a list of your organizational, development, production and sales goals and the step-by-step tasks that need to be accomplished to achieve your goals. Describe the theoretical backgrounds and competencies of the full- and part-time team members and/or advisors you would need to recruit to ensure the successful completion of these tasks. Examples of necessary tasks, from the mundane to the sophisticated, not necessarily in order, might include: (1) Meeting with actual customers and securing orders; (2) Lining up possible distributors; (3) Lining up manufacturers and/or sources of supply; (4) Identifying and securing key personnel; (5) Finding and renting office space & equipment; (6) Securing financing; (7) Establishing key partnerships; (8) Founder agreement.

Grading
The following weights will be used to calculate grades for the class:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Online Polls</td>
<td>25%</td>
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<tr>
<td>Class Participation</td>
<td>35%</td>
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<tr>
<td>Final Presentation</td>
<td>40%</td>
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At the end of the course, each group member will be asked to send the professor a confidential email indicating the percentage that each member contributed to the final project.

I look forward to your participation in the class!!

Course Schedule
I have attached a detailed three-page course schedule. This lists the required cases for each session and the due dates for your assignments. Please read the course schedule carefully. I reserve the right to make occasional adjustments to the scheduling. This may include, on occasion, the reduction or elimination of a case discussion.
# Introduction to Venturing – Course Schedule

<table>
<thead>
<tr>
<th>Session</th>
<th>Topics</th>
<th>Cases</th>
<th>DELIVERABLES</th>
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</thead>
<tbody>
<tr>
<td>1 Jan 6 (3:45–6:45pm) W208</td>
<td>Course Overview&lt;br&gt;Ideas &amp; Innovation&lt;br&gt;Opportunity Analysis</td>
<td>PieSky Ventures (in class)</td>
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<tr>
<td>2 Jan 20 (12:30–3:30pm) W416</td>
<td>Opportunity Analysis&lt;br&gt;Pitch Day (one-minute pitches)&lt;br&gt;Breakeven Analysis</td>
<td>Early Pitch Decks (in class)&lt;br&gt;New Venture Exercise: The Food Truck Challenge (Simulation in class—Bring your laptops)&lt;br&gt;Register: Before class, access the simulation at <a href="http://cb.hbsp.harvard.edu/cbmp/access/57482682">http://cb.hbsp.harvard.edu/cbmp/access/57482682</a></td>
<td>• Intro Poll &amp; resume upload (by 11pm on Thurs, 1/19)&lt;br&gt;• Entrepreneurial personality quiz (self-scoring: upload results to Canvas by 11pm on Thurs, 1/19)&lt;br&gt;• One-minute pitches (in class)</td>
</tr>
<tr>
<td>3 Feb 3 (8:30–11:30am) W208</td>
<td>Lean Startup &amp; Customer Discovery&lt;br&gt;Customer Metrics</td>
<td>Dropbox: ‘It Just Works’ (Canvas)&lt;br&gt;Rent the Runway (in class)&lt;br&gt;Watch: The Business Model Canvas (42 min) <a href="https://www.youtube.com/watch?v=RzkdJiax6Tw">https://www.youtube.com/watch?v=RzkdJiax6Tw</a></td>
<td>• Poll #1 (by 11pm on Thurs, 2/2)&lt;br&gt;• P&amp;L for Dropbox (by class time; hard copy to class, upload to Canvas)&lt;br&gt;• Finalize teams (by end of class: submit team member list)</td>
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<tr>
<td>4 Feb 24 (8:30–11:30am) W208</td>
<td>Business Models</td>
<td>Zipcar: Refining the Business Model (Canvas)</td>
<td>• Poll #2 (by 11pm on Thurs, 2/23)&lt;br&gt;• Group: One-page venture project description (by class time; hard copy to class, upload to Canvas)&lt;br&gt;• Teams 1 &amp; 2 present BMC (in class)</td>
</tr>
<tr>
<td>5 Mar 10 (8:30–11:30am) W208</td>
<td>New Venture Finance</td>
<td>WebTracker (Canvas)</td>
<td>• Poll #3 (by 11pm on Thurs, 3/9)&lt;br&gt;• Group: Summary of 15 customer discovery interviews + refined Business Model Canvas (by class time; upload to Canvas)&lt;br&gt;• Teams 3 &amp; 4 present BMC (in class)</td>
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<tr>
<td>Session</td>
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<td>6 Mar 11 (8:30–11:30am) U331</td>
<td>Entrepreneurial Organizations</td>
<td>Negotiating Equity Splits at UpDown (Canvas) UpDown: Confidential Instructions (Email)</td>
<td>• Teams 5 &amp; 6 present BMC (in class)</td>
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**Schedule 30-minute Team Conference Call #1 with Prof. Wu on Monday, March 20 or Tuesday, March 21 to discuss project progress**

| 7 Mar 24 (3:45–6:45pm) W208 | Negotiating Partnerships | Keurig & Green Mountain Coffee Roasters (Canvas) Keurig/GMCR: Confidential Information (Email)  
*Guest Speaker: Luis Sanz, Olapic* | |
| 8 Mar 25 (3:45–6:45pm) U331 | From Employee to Founder: Integrating Lessons | Dinr: My First Start-Up (A) (Canvas) Dinr: My First Start-Up (B) (in class) | • Poll #4 (by 11pm on Fri, 3/24) |
| 9 Apr 7 (12:30–3:30pm) W208 | International Entrepreneurship | Computer Warehouse Group (Canvas)  
*Guest Speaker: Austin Okere, CWG* | • Poll #5 (by 11pm on Thurs, 4/6)  
• Group: Breakeven Analysis (by class time; upload to Canvas) |
| Apr 8 | NO CLASS | | |

**Schedule 30-minute Team Conference Call #2 with Prof. Wu on Wednesday, April 12 or Thursday, April 13 to discuss project progress**

| 10 Apr 21 (12:30–3:30pm) W208 | Financing & Managing Growth | BuildingWatch (A) (Canvas) BuildingWatch (B & C) (in class)  
*Guest Speakers: Jason G. and Ross G.* | • Poll #6 (by 11pm on Thurs, 4/20) |
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<tr>
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<th>DELIVERABLES</th>
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<tr>
<td>11 Apr 22</td>
<td>Scaling Startups</td>
<td>Nantucket Nectars (Canvas)</td>
<td>• Poll #7 (by 11pm on Fri, 4/21)</td>
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<td>Harvest &amp; Exits</td>
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<td>U331</td>
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<tr>
<td>12 Apr 28</td>
<td><strong>FINAL PROJECT PRESENTATIONS! (attendance required)</strong></td>
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<td>• Group: PowerPoint Slides (by class time; upload to Canvas)</td>
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<td>• Group: Final Project Paper (by 11pm on day of class; upload to Canvas, email complete PDF to <a href="mailto:geraldine.wu@columbia.edu">geraldine.wu@columbia.edu</a>)</td>
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<td>W208</td>
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**NOTES:**

(CanVAS) = Case posted on Canvas; Read & Prepare before class
(Email) = Case will be emailed to you; Read & Prepare before class
(in class) = Case will be handed out during class session (no need to read before class)