INSTRUCTOR BIOS

This course will be a chance to participate in an exciting co-taught experience. Damon J. Phillips, the James P. Gorman Professor of Business Strategy, has a personal background in family business and a focus in entrepreneurship, organizational change, and innovation. For some examples of his research, see: “Predicting Startup Success” and “Converging on Startup Success”. His current research is on whether entrepreneurs with MBAs behave and perform differently than non-MBA entrepreneurs. Anne Busquet ’78 is an angel investor with AMB Advisors and Golden Seeds. Previous to AMB Advisors, Busquet was CEO of a business group within InterActiveCorp where she led a group of business ventures that included Citysearch, Evite, Entertainment Publications (EPI), ServiceMagic, and TripAdvisor and prior to that spent 23 year with American Express where she started and led the Venture Group. We believe that our co-teaching of Introduction to Venturing will give you a unique and holistic experience. It is something we are approaching with great excitement.

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 led to increase in startups, which have become exciting opportunities for potential founders and early employees. Beyond startups, established companies seek out new opportunities to sustain growth and competitive advantage. Social entrepreneurs are also employing entrepreneurial thinking to address major social and environmental issues. In short, entrepreneurial thinking is sought across industries and sectors.

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 them to start and nurture their own businesses whether they do so immediately or later in their careers. We strive to develop your skills in opportunity identification and evaluation, as well as an understanding of the steps and competencies required to launch a new business. The class is appropriate for anyone with a strong interest in new ventures (including social ventures). This includes not only potential entrepreneurs, but also those interested in the financing of new ventures, working in new ventures, or in broader general management of new or small organizations.
Introduction to Venturing answers the following six questions:

- How do I distinguish interesting ideas from real opportunities?
- How do I go from a real opportunity to a winning business model?
- How do I turn a winning business model into an actual business (your venture)?
- What do I need to consider when seeking funding?
- How do I think about the human side of managing an entrepreneurial venture?
- What can I do to maximize success in my venture?

Your ability to answer many of these questions will emerge from a focus on fundamental and skills. Some examples are:

- Using a framework to identify and refine entrepreneurial ideas and understand how those ideas relate to core elements of a business.
- 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:

- This course is designed to be broad. For example, we cover both the life cycle of the venture and the life cycle of the entrepreneur. This includes an examination of entrepreneurship in different settings. In addition, we orient our teaching to benefit not just aspiring entrepreneurs, but also those who want to invest in ventures, work in startups, etc.
- In terms of pedagogy, we use case studies, lectures, group exercises, class speakers, a simulation, and student presentations. You will also learn where academic and practitioner perspectives agree and where they diverge.

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 Launching New Ventures 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, we advise Entrepreneurial Finance. If you are focused on buying a business, consider Entrepreneurship Through Acquisition. Or if your interest is on later stage or family businesses you might consider Family Enterprise and Wealth, Managing the Growing Company or Family Business Management.
COURSE REQUIREMENTS

There is a course packet for this course. Some additional readings may be distributed in class. There is no textbook for this course.

There are three requirements for the Introduction to Venturing course: [1] case quizzes for (almost) every class, [2] class participation, and [3] group project and final paper.

1. Weekly Case Quizzes:
   For each session that involves a case preparation, you are required to complete an online multiple choice quiz (on Canvas) that is composed of a set of questions related to the case. Submissions are due by 10:00 AM on the day of the class. The aggregated quiz answers are presented during the class discussion. You may discuss the case with your classmates, but your quiz answers must be based upon your own careful analysis. Some quiz questions are subjective, while others have correct answers. If you complete the quizzes you will get full marks, regardless of your answers provided that you indicate your answers were based upon your own careful analysis (per the honor code).

2. Class Participation:
   We enjoy pouring ourselves into this class, however, the class experience is only maximized when everyone comes to participate and engage. Participation is a very important part of the learning process in this course, so it is accordingly an important part of your grade. So come to class each session, and come ready to engage. The more you put in, the more you will get out!

   Your participation will be evaluated on your constructive contributions to discussion and learning in the class. Participation requires listening attentively and building on what peers have already shared. A positive contribution to class or team discussion exhibits one or more of the following properties:

   1. Moves the discussion and analysis forward to inspire new insights among peers.
   2. Shares a personal experience in a way that illuminates the ideas being discussed.
   3. Uses logic, creativity, insights, and evidence; more than merely an opinion or feeling.

   Your contributions will be evaluated on quality and quantity, with greater weight on quality. However, if you are not in the classroom, you obviously cannot participate. We understand that because of factors outside of your control, you occasionally may arrive late, leave early, or miss a class entirely. Two points will be deducted for each unexcused absence. Two excused absences are permitted, but you must notify the TA in advance. Expect cold calls.

Use of Electronic Devices in Class

There is a “no devices” policy. Please leave you phones and computers off. On rare occasions, we may need to gain access to the Web during class time for the purpose of an assignment (such as session 8). Other than these occasions, turn off all laptops, cell phones, blackberries, wireless connections, and any other electronic devices during class time unless you ask me for permission 24 hours in advance. Violations of this rule will lead to deductions from your class participation grade.
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.

3. Final Presentation and Paper

Early in the semester students will form self-selected groups (of 4 – 6 students) to explore an idea for a new business. At the end of the semester each group will make a 7-minute final presentation of their project followed by Q & A. For the presentation, teams will prepare a 10 to12-slide investor power point pitch. A final paper is also required. The paper is a maximum of eight single-spaced pages (12-point font), plus five appendices (see details below). Both the paper and the power point are to be handed in on the last day of class.

Each team is expected to meet twice with the professors for ½ hour to discuss their projects. The professors are available for a third optional meeting and also available for one-on-one meetings. You can sign up for office hours on Canvas.

Your paper will be graded on four elements: [1] the quality of the 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. We are looking for good ideas that have been well developed and iterated based on customer feedback, that are also well researched and presented. That said, the quality of the 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 Startup (Business Model) Canvas: which summarizes the key components of your business model (customers, value proposition, revenue streams, etc.)

Appendix 2:
Summarize, on two-three 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 for launching your proposed venture. For your to-do list, 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.

Please submit all assignments online through Canvas.

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

Daily Online Quizzes........................................25%
Class Participation..........................................35%
Final Presentation and Paper.............................40%

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.
We look forward to your participation in the class!!
FOR BIDDING PURPOSES ONLY

Class 1:

Topics: Criteria for Venture Selection
Break-Even Analysis
The Entrepreneurial Personality

Case: PieSky Ventures


[2] Submit in Canvas one paragraph explaining your reasons for taking this class, a one-page resume and the summary of your personality quiz.

[3] If you have a proposed venture idea for a group project, be prepared to make a one-minute presentation of your idea.

[4] Read PieSky Ventures

[5] Begin forming venture teams

Class 2:

Topics: Startup Canvas
Customer Acquisition Cost and Lifetime Value
Ideas vs. Opportunities

Case: R & R

Guest Speaker: Charles Stryker (Venture DC)


[2] Read the R&R case and complete online quiz.

[3] One-minute pitches will be continued.

[4] OPTIONAL: Business Model Canvas (www.youtube.com/watch?v=RzkJjawx6Tw) this is the original business model canvas from which the “Startup Canvas” was created.

[2] Breakeven Analysis & Operating Leverage
### Class 3:

**Topics:**
- Customer Metrics
- Angel Industry
- Student Presentations of Startup Canvas: Teams 1, 2 & 3

**Case:**
- Drop Box

**Deliverables:**
1. Read Dropbox and complete online quiz.
2. Submit on Canvas: P&L for Drop Box.
3. Submit on Canvas: One-page description of your idea and group members.
4. Teams 1, 2 & 3 prepare to make Startup Canvas presentations.

**Readings:**
1. The Most Important Equation for Your Startup
2. Understanding Customer Lifetime Value: A Non-Geek’s Guide (optional)
3. Startup Killer: the Cost of Customer Acquisition (optional)

### Class 4:

**Topics:**
- Business Models
- Student Presentations of Startup Canvas: Teams 4, 5 & 6

**Case:**
- Zip Car

**Guest Speaker:**
- Phillip Riese (Riese and Others)

**Deliverables:**
1. Read Zipcar and complete online quiz.
2. Submit a paragraph that provides the strongest argument Chase could make to a potential investor about the attractiveness of the venture.
3. Teams 4, 5 & 6 prepare to make Startup Canvas presentations.

**Readings:**
1. How to Design a Winning Business Model.

### Class 5:

**Topics:**
- Valuations
- Term Sheets
- Student Presentations of Startup Canvas: Teams 7, 8 & 9
Case: DateMySchool

Guest Speaker: Carol A. Curley

Deliverables:

[1] Read DateMySchool and complete online quiz.

[2] Submit on Canvas summary of 15 Customer Discovery Interviews & Refinement of Startup Canvas


Readings:

[1] The NVCA Termsheet (at nvca.org)
[3] Venture Capital Investment Terms - Comments to the NVCA Term Sheet (optional)

First ½ hour group meeting with Professors

Class 6:

Topic: The Start-up Game

Case: Simulation

Deliverables:

[2] Submit pre-game questions on Canvas.

Readings: Roles for Founders, Employee, or Investor

Class 7:

Topic: International Entrepreneurship

Case: TA Energy (Turkey): A Bundle of International Partnerships

Topic: Family Businesses

Case: Jackson Cookware
Guest Speaker: Rob Delman

### Deliverables:

1. Read TA Energy and submit a 1-2 page answer to the following questions:
   - Should Ayhan accept or reject Okan's proposal to buy out Ayhan's stake? What options does Ayhan have? What steps should Ayhan take when responding?

2. Read Jackson Flatware and complete online quiz.

### Readings:

Family-Business Governance: Boards of Directors, Family Councils, and Family Offices.

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### Class 8:

**Topic:** Founder Agreements  
**Case:** Negotiating Equity Splits at UpDown

**Guest Speaker:** Daniel Doktori ([http://www.wilmerhale.com/daniel_doktori/](http://www.wilmerhale.com/daniel_doktori/))

**Deliverable:**  
1. Read UpDown and prepare for your negotiation role (the negotiation assignment will be emailed prior to class).

**Readings:**  
1. Assigned negotiation roles for Michael, Georg, or Phuc  
2. When Contracts Destroy Trust.

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### Second 1/2 hour group meeting with Professors

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### Class 9:

**Topic:** Partnership and Different Types of Financing  
- Equity Financing  
- Crowdfunding

**Case:** Building Watch

**Guest Speakers:** Jason Griffin and Ross Goldenberg
Deliverable: [1] Read Building Watch and complete online quiz.  
[2] Submit names/websites of 2-3 business that recently received crowdfunding.

Reading: Crowdfunding of Small Entrepreneurial Ventures

**Class 10:**

**Topic:** Corporate Entrepreneurship  
**Case:** Applied Research Technologies  
**Guest Speaker:** Barry Salzberg (Global CEO, Deloitte)

Deliverable: Read Applied Research Technologies and submit answers (1 page total) to the following questions: [1] As Peter Vyas, how would you handle the expenditure request for the re-launch of the mini-water oxidation system; [2] As Cynthia Jackson, would you approve the expenditure request if Vyas sends it up to you?

Reading: Predicting Startup Success (optional)

**Class 11:**

**Topic:** Exits  
**Case:** Nantucket Nectars  
**Guest Speaker:** TBD

Deliverable: [1] Read Nantucket Nectars and complete online quiz.  
[2] Be prepared to discuss the types of exits of R&R, Dropbox, Zipcar, DateMySchool, Jackson Flatware, Building Watch, and Nantucket Nectars.

Reading: [1] How to Choose an Exit Strategy (optional)  
(http://informationdisplay.org/IDArchive/2014/JanuaryFebruary/VentureCapital/ExitingwithGrace.aspx)

Optional 1/2 hour group meeting with Professors
Class 12:

Topic: Wrap-up and Final Presentations of Student Projects

Speakers: Students!

Deliverables: Submit on Canvas hard copies of final papers and power point presentations.