Course Description

Rather than read about startup successes and failures in cases and parsing those cases, thousands of student entrepreneurs at more than 250 Universities worldwide are embarking on experiential learning instead…living the (albeit somewhat simulated) entrepreneurial experience in a semester at business schools and incubators. Nearly all those institutions follow the LeanLaunchPad curriculum, used by—among many others—the U.S. National Science Foundation, which trains 200+ teams of scientists per year. This curriculum is the core of Launching New Ventures Section 2.

Conceived and developed by retired Silicon Valley entrepreneur-turned-educator Steve Blank and refined by Blank and his co-author, Adjunct Professor Bob Dorf, himself a retired serial entrepreneur, this hands-on “build your own startup” semester offers students the closest thing to a real startup experience and teaches the Customer Development process along the way. (Read about LeanLaunchPad by simply googling it or visiting www.steveblank.com.)

Students form startup teams of 3 to 5 around an idea they conceive together and ideally bring to class. Most of the semester, and much of your grade, is based on the progress your team makes in moving the idea forward, refining it, and shaping it into a potentially successful, sustainable business ready for—at least—investor scrutiny.

Using the lecturer’s bestselling book, The Startup Owner’s Manual, the class breaks the founding and early stage company-building process into discernable steps and practice the skills entrepreneurs use to conceive, refine, and craft sustainable, scalable, profitable startups. The class is appropriate for anyone with a strong interest in new ventures, and is useful not only for the potential entrepreneur, but also for those interested in corporate innovation, the financing of new ventures, or in broader general management (as the startup demands general management in an intensified way).
This is a demanding course, with lots of “homework” outside the building. You will be treated like entrepreneurs with demands much like those faced by entrepreneurs. If you’re looking for a “gut” course or an “easy A,” you’re encouraged to look elsewhere (and good luck finding one at CBS). If you’re looking to understand how successful startups are built, welcome aboard!

The semester is broken into six key modules, each roughly two weeks in duration:
1. Introduction to the Customer Development Method and Team Formation
2. Value Proposition, Customer Segments, and the Minimum Viable Product
3. Competitive analysis, positioning, and achieving Product/Market Fit
4. How to “Get, Keep, and Grow” Customers and Achieve Customer Traction
5. Revenue Generation and Breakeven
6. Financing, Venture Presentations, and a very basic intro to Venture Finance

Each week, the class will address one of nine sequential steps in the Customer Development process that take a business idea from a “cocktail napkin” to (hopefully) a fundable business idea with traction. The process begins with team creation of a “Business Model Canvas” that forms the foundation, a “map” of all nine key components of a successful startup. As the semester progresses, students will focus on each sequential step in Customer Development—the search for a proven business model. In the process, teams will develop and test their “MVP” or Minimum Viable Product to obtain genuine customer feedback and integrate it into the product and business model.

Students are assigned weekly readings from the Owner’s Manual, but the course will focus more on hands-on experience and three team presentations critiqued by the Professor and occasional startup and Venture Capital professionals invited as an integral part of the class learning experience.

Teams will conduct face-to-face interviews with customers every week, targeting at least two interviews per team member per week. These interviews validate or invalidate the team’s hypotheses about its business model and business elements and are vital to “pivoting” or evolving the initial idea into a successful startup.

Each team will present its progress every other week, with teams focused on the next step in the evolution of their idea as well as the validation of their business model hypotheses or lack thereof. Each team will make six, five-minute presentations over the 13-week semester outlining progress presenting in rotation. Presentations are short, to-the-point, and designed to elicit feedback on your progress from your classmates and your professor. Some examples:

- Initially: the team’s first business model canvas
- Market size and competitive analysis
- The team’s ability to achieve “product/market fit,” or the creation of a clear value proposition that’s proven exciting and attractive to a core customer group
- “Get” Customers strategy: How the startup will attract increasing volumes of customers at an affordable acquisition cost
- Team estimation of breakeven operations and the time it’ll take to achieve same
- Funding Presentation: the “final” presentation will integrate the team’s evolution of its business idea, its learning about the business, and all the startup’s elements of success potential in a business and financial “pitch” for potential investors
Teams will be expected to spend significant personal time getting “out of the building,” talking to potential customers and channel partners to see if the most important voters on their success—potential customers—believe enthusiastically in their value proposition. They’ll be pushed to use those findings, as dictated by the Customer Development Process, in the iterative development of successful business models. The process provides a framework or scorecard in which to explore, whether the team aspires to be the next Facebook, a social (nonprofit) venture, or a new shoe store.

You should come away from the class with clear answers to the following questions:

- What are the characteristics of a successful entrepreneur?
- What is the nature of an entrepreneurial career?
- Where do ideas come from and how do I turn an idea into a business?
- How do I mold an idea into a business model?
- How do I interact with customers, and use their feedback to shape the opportunity?
- What are the characteristics of a winning business model?
- How does the entrepreneur manage risk?
- How does the startup attract investors?

You should also develop skills in the following areas:

- Using the Business Model Canvas and hypothesis development to identify and refine the core elements of your business
- Using the Customer Development process to “get out of the building” and solicit the earliest possible customer feedback to your value proposition and the compelling (or not) nature of your business idea
- Calculating cash flow, breakeven, and the financial “metrics that matter”
- How to identify early customers to gain and embrace their feedback
- Knowing the different sources of financing and when each one is appropriate

Course Requirements

There are three key requirements for success in the course:
1) Your personal contribution to progress made by your team as it evolves your startup
2) Class participation, and
3) Field research, and development to create the final project (roughly half of the grade).

Active Participation in Your Team’s Project evaluated two ways: (a) as evaluated by your fellow team members in a confidential email to the Professor; and (b) based on your customer interview notes and demonstrated learning from customers.

Class Participation is vital, therefore attendance is critical. Unexcused absences will materially affect your class grade. A significant percentage of your grade is earned
through class participation. We depend upon each other to make this class vibrant, so preparing in depth and contributing to discussion is important. Expect cold calls.

Each team is expected to meet regularly on its own, and teams should also meet twice with the professor for office hours of approximately ½ hour to discuss its project. Each group will make a 10-minute final project presentation followed by Q & A.

We will have an attendance sign-in sheet, but please make it a priority to be on time. Please try to sit in the same seat for each session, and bring your name cards. There is a “no devices” policy in the classroom and students found texting or emailing may either stand for the duration of class or leave. Computers are to be used for note-taking only.

Final Project: An evolved Business Model for your Startup Project

Much of the final project “paper” may be drawn from the work completed during the term. In short, it will describe the following in an investor “pitch” presentation:

- Here’s where we started, and what we learned in each stage of Customer Discovery
- Here are changes we made based on projectable customer feedback at each step
- The ultimate Business Model Canvas, including at least two intermediate steps
- Cash flow and breakeven analysis
- Next steps to drive the business forward after the semester ends

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

- Individual Effort(rated by team members).....20%
- Class Participation critiquing/discussion.....20%
- Final Team Presentation.........................40%
- Team Project improvement, start-to-finish....20%

Your project will be graded partly on the quality of the idea and the entrepreneurial insight; but mostly on how your customer learning through the semester has helped evolve your business model and idea. The diligence with which you have executed the study will weigh heavily, of course. I am primarily looking for significant strengthening of the idea from February to April: good ideas that have been well developed and iterated based on measurable customer feedback, always assuming that almost no business ideas are “just right” when they’re written down early in the semester. Several elements of the final project will be due throughout the class.

The final project should take the form of a 16- to 24-slide investor PowerPoint outlining the team’s initial idea, team learning, and the idea’s evolution into a fundable business opportunity.