B8527-001 SOCIAL VENTURE INCUBATOR

Bidding Syllabus

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Class Mentors: Please note this class will include expert mentors who will attend class and offer select office hours by phone and in person. These will be investors, entrepreneurs and executives who have either founded or led social enterprises and will be available by request as a resource to students. Their contact information will be posted during the first class.

VENTURE SELECTION DATES

This course is open to all Columbia graduate students but is intended for students with a business idea or students who are part of a team with a social venture idea that they have either launched or hope to launch upon graduation. Each student must join a pre-approved list of ventures to work on during this course. Up to 5 ventures will be selected to be incubated. If you have a venture that you're working and would like this to be included in the course, the deadline to submit your venture proposal is February 23. Each venture application will be expected to use the business plan template taught in B8526 Launching Social Ventures in term A (it is strongly recommended that each venture team has a member who has taken the term A B8526 course). Selected ventures will be posted in this course syllabus on March 2.

REQUIRED COURSE MATERIAL

There will be two course books for the course:

1. Let My People Go Surfing: Yvon Chouinard
2. Founders At Work: Jessica Livingston.

REQUIRED PREREQUISITES AND CONNECTION TO THE CORE

Prerequisite: Students should have a business idea or be part of team with a business idea that they have either launched or hope to launch upon graduation that has a social mission.

Students should be prepared during class to engage in the topic of entrepreneurship, business processes and management, and to openly and freely discuss the place and role of values in business and social ventures.
This course incorporates all parts of the core curriculum. The course will utilize and enhance the diverse set of skills that students should have developed in the core ranging from micro-economics to marketing to leadership. Part of the course will focus on creating teams of students with complementary skills. If your strongest core class was micro-economics but you struggled in marketing you will have a team member with similar strengths in marketing but potential weakness in micro-economics. One of the goals of the course is to galvanize the pieces of the core into a whole business plan for an operating business.

**COURSE DESCRIPTION**

This half semester course is intended to be paired with B8526-001 Launching Social Ventures in term A of this semester. This term B course will provide students who wish to launch a business with a social mission upon graduation, customized guidance to enable the launch of their business (students who have not taken B8526-001 in term A may still enroll in this term B course, but must be willing to work on one of the pre-selected ventures). Students will work closely with the Professor and mentors in class, outside of class, and in the field with their startup team, and on an individual basis, on all aspects of their business plan, growth strategy and launch activities including:

1. Business plan (for strategic planning, internal management and funding purposes).
2. Financial plan.
3. Legal documents and formation
   a. Operating agreements
   b. Term sheets
   c. Employment agreements
4. Marketing plan
5. Prototype and product development.
   a. Material sourcing from environmentally sound sources
   b. Fair labor practices
   c. Transportation
   d. Product life cycle
6. Sales plan and strategy.
8. Board development.
9. CSR Reporting.

The session outline below is the foundation of the course. Each student/team will receive customized attention and direction best suited for their business.

Part of class participation and course deliverables will involve students stepping out of the classroom and working with potential investors, suppliers and customers in the field. The final deliverables will include presentations and material focused on the bullet points listed above.

**ASSIGNMENTS**

Assignments will be group submission of project milestones.
METHOD OF EVALUATION

1. Business Plan Presentation 50%
2. Class Participation 25%
3. Progress made on business during semester 25%

CLASSROOM NORMS AND EXPECTATIONS

1. Be on time.
2. Be prepared to engage in case studies.
3. No internet or social media during class.
Session 1: Course Overview, Business Plan & Communication

The focus of this session will be on how to structure a business plan that provides the entrepreneur the answers and guidance required to launch their business successfully. The business plan template will be a core component of the course.

1. What problem is the business solving?
2. Who are the customers?
   a. Are there multiple customer segments and types?
3. How much will it cost the business to acquire the customers and service them?
4. What is the contribution margin per customer and how many customers must be serviced in order to cover fixed costs?
5. What is the ROI for the investor?
6. How are you planning to protect the social mission of the business?

Students will present their business, the current stage of the business, next steps and obstacles they are facing or expect to face.

Session 2: Financial Planning, Legal Documents & Formation

The focus of this session will be to develop a financial plan for the business. During the remainder of the semester, we will review, test and refine the numbers so that at the end of the semester a financial plan exists that the entrepreneur and investor have a high degree of confidence in. Where can costs be trimmed and where may we need to invest more? We will highlight which elements of the business have a high degree of variability and what parts of the business require a sensitivity analysis. We will define and refine the following components of the financial plan:

1. Fixed costs
   a. Office space
   b. Fixed head count
   c. Machinery/technology
   d. Other
2. Variable costs
   a. Headcount
   b. Material
   c. Manufacturing/or service provision
   d. R&D
   e. Legal
   f. Transportation
3. Sensitivity analysis
Session 3: Prototype & Product Development

The focus of this session will be to analyze how to make a prototype (or BETA), product development and getting a product to market. We will look at:

1. How do you ensure that the material that you are sourcing is environmentally sound?
2. How do you ensure that your manufacture practices are environmentally sound?
   e.g. efficient use of waste, water, materials, and energy
3. How do you ensure that fair labor practices are honored throughout your supply chain?
4. How do you ensure that your products minimize transportation (distance travelled)?
5. How do you ensure that you have a product that is closed loop? Is your product recycled?

Session 4: Marketing & Sales Plan for Customers and Investors

The focus of this session is to build a marketing and sales plan. Students will be expected to sell their idea or product (if available), in the field to a potential customer, and also to a potential investor, and report on their reactions.

1. We will identify who the customer(s) is, how to acquire them, sell to them, manage the relationship and then cross sell and up-sell additional products. We will develop:
   I. Messaging/pitch
   II. Pricing
   III. Relationship management strategies
   IV. Service agreements
2. How to sell your business to investors.
   I. What do investors care about most?
   II. How best to present to an investor?
   III. How do you determine if the investor is the appropriate for your business?
   IV. How to write a term sheet that protects the social mission?

Speaker: Lisa Witter: Managing Director of Fenton Communications

Session 5: Hiring Plan: How Do Social Entrepreneurs Build High Performance and Mission Aligned Teams

Given the importance of human capital in social entrepreneurship, how will the founder/founding team members recruit and maintain top talent? How will these people be identified and recruited? What vetting processes to find mission-aligned potential employees will be used?

1. What positions do you need to fill first?
2. How do you determine compensation?
3. What role can advisors/consultants play and how do you manage them?
4. How can your managerial and leadership skills instill confidence and inspire your team?

5. How do you determine what is the best role for you when the business launches and during its growth?

6. How do you develop and manage a Board?

Each team will be expected to build a hiring plan.

Session 6: Class Presentation

Students will present their business to a roundtable of entrepreneurs and investors. The presentation will be 3 minutes with 5 minutes for Q&A and suggestions from the roundtable.

Speaker: Investors and entrepreneurs will judge business. Parameters for grading will be:

1. Business plan: 30%
2. Presentation skills: 30%
3. Viability of business: 20%
4. Identification of next steps: 20%