Course Overview and Objectives:

MGT4670 is designed to immerse students into the entrepreneurial process of new venture creation. Although the concepts and practices covered in the course are relevant across various forms of entrepreneurship (for-profit and as well as social) and in a broad range of product and services markets, the course is based primarily on technology entrepreneurship concepts. The reason for this is that technology entrepreneurship is typically more complex with much more market and product uncertainty. Technology oriented new ventures also provide the greatest opportunity for rapid growth and new job creation. Overall the course focuses on creating a new venture and covers in detail six key aspects related to the entrepreneurial process, including: introduction to “lean” entrepreneurship principles; business model design and assessment; legal issues in venture creation; new venture marketing and customer acquisition strategy; and new venture financial planning. Related to each of these aspects of entrepreneurship is maximizing value creation. Central to the learning experience is a semester long series of business conceptualization and planning projects where students, working in a small team environment, will have the opportunity to develop their new venture creation and management skills.

Specific Course Objectives

Understand the entrepreneurial decision making process – from business model design to the launch of the new venture.

Develop a wide range of strategic, financial and human resource planning skills necessary to the new venture planning process.

Provide an atmosphere in which course participants can apply entrepreneurial and teamwork skills in finding, evaluating and beginning the process of implementing new venture concepts.

Sharpen the presentation skills necessary to effectively communicate new venture ideas to potential investors.
Required Text

**HBSP Course Pack Title:** Entrepreneurship Spring 2014. Coursepack Link: https://cb.hbsp.harvard.edu/cbmp/access/23356024

The following readings and case simulations are included in the Coursepack:

- **Early Stage Business Vignettes** by Sean Harrington, Robert Chess, and Peter Reiss (HBS E304)
- **The Founders Dilemma** by Noam Wasserman (HBS R0802G)
- **Ockham Technologies (A)** by Noam Wasserman (HBS 9-812-021)
- **Zipcar: Refining the Business Model** by Myra Hart, Michael Roberts, and Julia Stevens
- **Hypothesis Driven Entrepreneurship** by Thomas R. Eisenmann, Eric Ries, and Sarah Dillard (HBS 812095)
- **foursquare** by Mikolaj Jan Piskorski, Thomas R. Eisenmann, Jeffrey J. Bussgang, and David Chen (HBS 711418)
- **Entrepreneurial Decisions and Legal Issues in Early Venture Stages** by Tanya Marcum and Eden Blair (HBS BH425)
- **Capturing the Value of Intellectual Capital** by Constance Bagley (HBS 8157BC)
- **Understanding Industry Structure** by Michael Porter (HBS 707493)
- **Market Customization: Market Segment Targeting and Positioning** (HBS 2580BC)
- **Marketing Analysis Toolkit: Market Size and Market Share Analysis** by Thomas Steenburgh and Jill Avery (HBS 510081)
- **Marketing Analysis Toolkit: Pricing and Profitability Analysis** by Thomas Steenburgh and Jill Avery (HBS 511028)
- **Pack-iTS** by Melissa Jean (HBS 908N27)
- **Understanding Basic Financial Statements** by Brandt Allen and Robert Sack (HBS UV6549)
- **Preparing and Using The Statement of Cash Flows** by Robert Simons and Antonio Davila (HBS 196108)
- **Financing New Ventures** by William Kerr and Ramana Nanda (HBS 811093)
- **Funding New Ventures: Valuation, Financing, and Capitalization Tables** by Michael J. Roberts (HBS 806058)
- **Deal Structure and Deal Terms** by Michael J. Roberts and Howard H. Stevenson (HBS 806085)
Student Role and Criteria for Evaluation of Student Work

This course will provide a variety of opportunities to learn new facts, develop new skills and explore new ways of thinking. Final grades will reflect an evaluation of knowledge gained, skills developed and perspectives explored. Grades will be determined using a point system. Each student will have the opportunity to earn up to 575 points. Points can be earned as follows:

- Exam #1 (Mid-Term) 100 points
- Exam #2 (Final Exam) 125 points
- Team Venture Planning Projects 250 points
  - Business Model and Legal Strategy Video (100)
  - Funding Application (100)
  - and Investor Pitch (50)
- Class Attendance 100 points

Grades will be awarded based on the following point scale:

- 514 - 575 points will be an “A”
- 457 - 513 points will be a “B”
- 399 - 456 points will be a “C”
- 342 - 398 points will be a “D”
- Below 342 points will be an “F”

Exams

In order to assess how well class participants understand the concepts presented in the course and to provide feedback for improvement, students will complete two exams over the course of the semester. Each exam will consist primarily of multiple choice, true/false, and short answer questions based on course content taken from the class pre-reads and lecture notes. In particular, an understanding of the Harvard coursepack articles/cases, and other pre-read materials will be critical to achieving a high test score. The first exam (mid-term) will be on Monday February 10; and the second exam will be scheduled for final exam week. Review materials will be provided at least one week prior to the each exam.

Team Venture Planning Projects

The core activity of the course will be to develop a new venture concept and specific business planning materials. The Business Planning project is a team-based initiative that in total counts for 250 out of total 575 possible points (43% of the course grade). Students self select a team. Teams then develop at least two ideas for a technology driven
business (the technology may be embedded in the product or service or in some innovative use of technology in a venture’s business model (such as a web 2.0 concept)). Two classes will be devoted to presenting and critiquing ideas in front of a panel of student “judges”. Called Idea Shark Tanks these sessions will be designed to rigorously examine each teams’ ideas. Idea failure is an option and teams need to take the inputs from the judges and class to eventually create and shape the idea that will be the basis for the semester long team projects. The team project will consist of one written deliverable (a venture Funding Application) and two video presentations (both presented in class). The written deliverable counts 100 point towards the final course grade. Details regarding the two videos are provided below. Students will present their videos in class plus answer questions “live” asked by the students in the audience.

The **Business Model and Legal Strategy video** will be a 8 to 10 minute presentation that describes the idea and the proposed initial business model for the teams venture concept. Students are expected to use the eight component “Business Model Canvas” as a framework for describing the model. The video must also include the legal strategy – e.g. proposed legal form of organization (and why), and the approach that will be used to protect key intellectual property. The grade (counts 100 points) will be based on how well the team understands the concept of a business model and the appropriateness and consistency of the business model developed for their new venture idea. The appropriateness of the legal strategy will also factor into the team grade. The video will be presented in class and followed by a live Q&A with the team. For presentation purposes and due to the 50 minute time limitation placed on this class, teams will be assigned to one of two presentation groups. See then attached class schedule for specific team presentation dates.

The **Funding Application (written) and Investor Pitch (Video)** must address the following questions:

What is the problem that your venture addresses and how have you validated your problem hypothesis with your target market? This can be extracted from (with revision) the team’s Business Model deliverable (see above).

What is your product and what improvements does your product provide over current market solutions? This can be extracted from (with revision) the team’s Business Model deliverable (see above).

What is the size of your target market(s)?

Describe the competitive landscape for your venture. What is your competitive advantage?

What is your sales and go to market strategy?
What are your expected commercialization risks and how do you plan to mitigate them?

What are your immediate funding requirements?

With the Funding Application the team will need to provide a set of pro-forma financial statements. The pro-forma financial statements should be a formatted set of Excel spreadsheets that projects for the first three years of the business the venture’s 1) Statement of Operations (Profit and Loss statement), 2) Statement of Cash Flows, and 3) Balance Sheet. These statements must be internally consistent and correctly prepared and be logically consistent with the ventures sales projections. It is also important to indicate any significant marketing or operational assumptions that were use to forecast the financials. The other parts of the Funding Application need to be in question/answer format and in total should not exceed 5 to 6 pages. Finally a template will be provided by the instructor to the teams for structuring the Investor Pitch.

The Investor Pitch will be a 5 to 6 minute video presentation presented live in the class. The video will be followed by a live Q&A involving the entire team. Teams will be organized no later than Wednesday January 22. The instructor will assign students not organized into a team prior to class on January 22 to a team. Also on January 22 teams will be assigned to a group for scheduling class presentation purposes. For teams that self-select it is highly recommended that, if possible, each team have at least one accounting or finance major to help lead the team in the development of pro-forma financial statements.

The expectation is that each team will have balanced participation and contribution by each of the students in the team. Generally students will receive the same grade for the team projects. However students, who in the view of the instructor, that have not contributed in a balanced fashion will receive a significant grade penalty.

Class Attendance

Students with no absences for the semester will be awarded 100 points towards their final grade. For each absence however that 100 points will be systematically reduced by 10 points until exhausted completely. At that point continued absences will result in reductions to the students overall course grade.

Students who sign in on a class attendance sheet but leave before the class is over will be counted as absent for that class – unless the student has received permission in advance from the instructor to leave class early. Attendance will be posted at the class website in TSQUARE within 24 hours of the class completion. Students should check attendance records weekly and note any attendance errors to the instructor within one week of class completion. Incorrect class attendance will not be corrected unless reported.
within one week of the error. As indicated in the class schedule several classes are denoted as Mandatory. Mandatory classes include workshop classes, and all classes where teams are forming or presenting team projects (Idea Shark Tank, the Business Model and Legal Strategy, the Funding Application and Investor Pitch). Absences at Mandatory classes count as a 10 point reduction to the attendance grade (as noted above) AND may also result in a reduction to the student’s team grade. A pattern of missing Mandatory Classes (which predominantly benefits the team) by a student will be interpreted by the instructor as a failure of that student to fully support their team.

Excused Absences: Each student will be allowed up to 4 “cuts” (a non attendance for any reason) before the grade reduction process begins. There will be NO provision for excused absences except as noted – the 4 cuts are intended to cover student absences for whatever reason. Excused absences will be allowed in situations where a student is required to miss class due to institutional commitment (examples: student athletes excused by the GTAA for away events; students speaking at technology conferences or participating in a competition (when approved by their advisor)). Medical issues, interview commitments, job commitments, family emergencies, flat tires, etc. are all expected to be covered by the 4 cuts.

Examples: Ralph misses 3 classes during the semester. Since Ralph is allowed 4 cuts he receives no grade reduction (and will receive the full 100 points towards attendance). Richard misses 6 classes during the semester. Richard’s 4 cuts will be applied to his 6 absences reducing that 6 to 2 and he will receive a 20 point reduction from his 100 point attendance grade, giving him a grade of 80. Russell misses 14 classes during the semester. Russell’s 4 cuts will be applied to his 14 absences leaving 10, which will result in a 100 point reduction to his 100 point attendance grade – giving him a zero grade for attendance. Ronda misses 16 classes during the semester. Her attendance grade will be zero AND her final course grade will be reduced by an additional 20 points.

Laptop Policy. Open laptops will not be allowed during class lectures or class discussion. Students are also expected to turn-off their smartphones, cell phones, and PDAs. I recognize that students feel the need to be constantly within their “digital cocoon” but the fact is that even for the best-intentioned students open laptops and smartphones, etc. are distracting and using class time to surf the internet, check email, update facebook, text a friend, etc is not a productive use of that time. Students who violate this policy will be asked to leave the classroom and will be marked as absent for that class.

All class related PowerPoint will be loaded to the course website no later than 12 hours in advance of the class in which the specific PowerPoint is used. Students who wish to write class notes directly on their PowerPoint slides will need to print out the slides in advance.

Students are expected to abide by the Georgia Tech Honor Code.
Relationship to MGT4191 Entrepreneurship Forum Course

MGT4191 is a survey of entrepreneurship in various settings – new ventures creation, social venture creation, and corporate entrepreneurship. MGT4191 also has an embedded speaker series that provides opportunities for students to listen to and meet entrepreneurs and business/community leaders. In MGT4191 students develop an idea for a new product and validate that idea with their target market. MGT4670 is focused on creating a venture concept and company building. In both courses there is a discussion of the overall entrepreneurial process, but overlap here is minimal.

MGT4191 is not a pre-requisite for or necessary to an understanding of the materials presented in MGT4670 nor is it necessary to take the courses in any particular order. However if a student chooses to take both courses and has the opportunity to plan a specific course sequence, the logical sequence would be to take MGT4191 first then MGT4670. For those students who take MGT4191 first, the option exists to use the product concept developed in MGT4191 as a basis for that student’s team venture planning projects.

TSQUARE/Changes to the Syllabus

The above procedures for grading and the class schedule that follows are subject to change. Any changes will be posted at the class web site in TSQUARE. Also grades, class presentations, announcements, and student resource materials will be loaded to this site. It is your responsibility to check the web site before each class session. Any changes to a specific class session syllabus and discussion questions for the upcoming class will be posted no later than 12 hours before the upcoming class session.

Class Schedule

<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Topic and Pre-Reads</th>
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<tbody>
<tr>
<td>1</td>
<td>1/6</td>
<td>Course Overview and Introduction to Entrepreneurship</td>
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<td></td>
<td></td>
<td>Pre-Read: None</td>
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<tr>
<td>2</td>
<td>1/8</td>
<td>Lecture: Recognizing New Venture Opportunities</td>
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<td>Pre-Read: None</td>
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<tr>
<td>3</td>
<td>1/10</td>
<td>Lecture: Assessing New Venture Opportunities</td>
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<td></td>
<td>Video: Shark Tank</td>
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<td></td>
<td></td>
<td>Pre-Read: None</td>
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<tr>
<td>Date</td>
<td>Day</td>
<td>Activity</td>
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<tr>
<td>4</td>
<td>1/13</td>
<td>Case Discussion: Early Stage Business Vignettes</td>
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<td><strong>First Class Where Attendance Will be Taken</strong></td>
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<tr>
<td>5</td>
<td>1/15</td>
<td>Lecture: The Founders Dilemma</td>
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<td>6</td>
<td>1/17</td>
<td>Case Discussion: Ockham Technologies: Building the Team</td>
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<td>7</td>
<td>1/20</td>
<td><strong>No Class – School Holiday (MLK Day)</strong></td>
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<td>8</td>
<td>1/22</td>
<td>Designing the Business Model for Competitive Advantage -- The Business Model Canvas</td>
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<td><strong>Mandatory Attendance – During this Session Students Will be organized into Teams</strong></td>
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<tr>
<td>9</td>
<td>1/24</td>
<td>Designing the Business Model for Competitive Advantage -- The Business Model Canvas</td>
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<td>Watch youtube video at:</td>
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<tr>
<td>10</td>
<td>1/27</td>
<td>Designing the Business Model for Competitive Advantage -- The Business Model Canvas</td>
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<tr>
<td>11</td>
<td>1/29</td>
<td>Case Discussion: Zipcar: Refining the Business Model</td>
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<tr>
<td>Date</td>
<td>Day</td>
<td>Lecture Topic</td>
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<tr>
<td>12</td>
<td>1/31</td>
<td>The Entrepreneurial Process: Lean Entrepreneurship</td>
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<tr>
<td>14</td>
<td>2/5</td>
<td>The Entrepreneurial Process: Lean Entrepreneurship</td>
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<tr>
<td>15</td>
<td>2/7</td>
<td>Case Discussion: foursquare</td>
</tr>
<tr>
<td>16</td>
<td>2/10</td>
<td>Exam 1</td>
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<tr>
<td>18</td>
<td>2/14</td>
<td>Lecture: Legal Issues in Entrepreneurship – Legal Forms of Business Organization, Business Licensing</td>
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<td>19</td>
<td>2/17</td>
<td>Business Lab – Work on Team Venture Ideas</td>
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<tr>
<td>20</td>
<td>2/19</td>
<td>Class Exercise: Idea Shark Tank (Day 1)</td>
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<td>21</td>
<td>2/21</td>
<td>Class Exercise: Idea Shark Tank (Day 2)</td>
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<tr>
<td>Date</td>
<td>Lecture</td>
<td>Pre-Read</td>
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<td>2/24</td>
<td>Legal Issues in Entrepreneurship – Patents and Provisional Patents. Pre-Read: Capturing the Value of Intellectual Capital by Constance Bagley (HBS 8157BS), pages 1 – 12.</td>
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<tr>
<td>2/28</td>
<td>Class Exercise: Prior Art Search Pre-Read: None Each Team must have at least one laptop or tablet in class</td>
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<td>3/3</td>
<td>Legal Issues in Entrepreneurship – Trademarks, Copyrights, and Trade Secrets Pre-Read: Capturing the Value of Intellectual Capital by Constance Bagley (HBS 8157BS), pages 12 – 17 and 22 - 27</td>
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<tr>
<td>3/5</td>
<td>Legal Issues in Entrepreneurship – Trademarks, Copyrights, and Trade Secrets (Continued) Pre-Read: Capturing the Value of Intellectual Capital by Constance Bagley (HBS 8157BS), pages 17 – 22, and 27 to end of article.</td>
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<tr>
<td>3/7</td>
<td>Legal Issues in Entrepreneurship – Trade Secrets (Continued) Pre-Read: None</td>
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<tr>
<td>3/10</td>
<td>Team Presentations – Group 1 (A, B, C, D, and E) Team Business Model and Legal Strategy Pre-Read: None Mandatory Attendance All Students Team youtube videos due today (all teams)</td>
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<tr>
<td>3/12</td>
<td>Team Presentations – Group 2 (F, G, H, I, and J) Team Business Model and Legal Strategy Pre-Read: None Mandatory Attendance All Students</td>
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</tbody>
</table>
30  3/14  Lecture: Entrepreneurial Marketing: Porter 5 Forces Analysis  
Pre-Read: Understanding Industry Structure by Michael Porter  
(HBS 707493)

31  3/17  No Class -- Spring Break

32  3/19  No Class – Spring Break

33  3/21  No Class – Spring Break

34  3/24  Entrepreneurial Marketing: Competitor Analysis  
Pre-Read: Market Customization: Market Segment Targeting and Positioning  
(HBS 2580BC)

35  3/26  Lecture: Entrepreneurial Marketing -- Market Segmentation and Sizing  
Pre-Read: Marketing Analysis Toolkit: Market Size and Market Share Analysis by Thomas Steenburgh and Jill Avery  
(HBS 9-510-081)

Pre-Read: Marketing Analysis Toolkit: Pricing and Profitability Analysis by Thomas Steenburgh and Jill Avery  
(HBS 511028)

37  3/31  Lecture: Entrepreneurial Marketing – Developing a Marketing Strategy: The 4 P’s of Marketing – Place and Promotion Considerations  
Pre-Read: None

38  4/2  Lecture: Entrepreneurial Finance – Financial Management in Entrepreneurial Organizations  
Optional Pre-Read: Understanding Basic Financial Statements by Brandt Allen and Robert Sack (HBS UV6549)  
Read the pre-read IF YOU HAVE NOT TAKEN A FINANCIAL ACCOUNTING COURSE OR HAVE FORGOTTEN BASIC ACCOUNTING PRINCIPLES  
Pre-Read: Pack-iTS by Melissa Jean (HBS 908N27)  
Case Discussion: Pack-iTS  
Note That the Pack-iTS Case Will Also be Used in the Next Three Classes
Lecture: Entrepreneurial Finance – Developing Pro-Forma Financial Statements – Income Statement
Assignment: Develop Pack-ITS Income Statement

Lecture: Entrepreneurial Finance – Developing Pro-Forma Financial Statements – Cash Flow Statement
Pre-Read: Preparing and Using The Statement of Cash Flows by Robert Simons and Antonio Davila (HBS 196108)
Assignment: Develop Pack-ITS Cash Flow Statement

Lecture: Entrepreneurial Finance – Developing Pro-Forma Financial Statements – Balance Sheet
Assignment: Develop Pack-ITS Balance Sheet

Financing the Venture – Financing the Venture: Equity
Pre-Read: Financing New Ventures by William Kerr and Ramana Nanda (HBS 9-811-093)

Financing the Venture – Financing the Venture: Equity
Pre-Read: None

Lecture: Financing the Venture – Financing the Venture: Valuation Approaches/Exiting the Venture
Pre-Read: Funding New Ventures: Valuation, Financing, and Capitalization Tables by Michael J. Roberts (HBS 806058)

Financing the Venture – Financing the Venture: Valuation Approaches/Exiting the Venture
Pre-Reads: Deal Structure and Deal Terms by Michael J. Roberts and Howard H. Stevenson (HBS 9-806-085)

Lecture: Entrepreneurial Finance – Financing The Venture: Debt and Grants
Pre-Read: None

Team Presentations: Investor Pitches – Group 2 (F, G, H, I, and J)
All Venture Funding Applications and Investor Pitch Videos are Due
Mandatory Attendance All Students
Team Presentations: Investor Pitches – Group 1 (A, B, C, D, and E)
Mandatory Attendance All Students

END of SEMESTER