

CREATION OF NEW BUSINESS ENTERPRISES

Management 319-001

Call # 12811 Spring 2007

Tuesday/Thursday 1:40 – 2:55

Education Center 101

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Text: The text for this course is Baron & Shane (2005), *Entrepreneurship: A process perspective*. Mason, OH: Thomson Southwestern. (ISBN [0-324-27356-8](#).)

COURSE DESCRIPTION

This course provides students with a view of entrepreneurship as a process of economic or social value creation, rather than the single event of opening a business. This process applies equally well whether the result is a for-profit business enterprise or a not-for-profit social enterprise. The course reflects the most recent research in this discipline, focusing on the distinct phases of opportunity recognition, assembly of the financial and human resources needed to exploit the opportunity, and launching the new venture. The course includes lectures, discussion, class exercises, and class visits by entrepreneurs.

CLASS SESSIONS

Class sessions will be a mixture of lecture, discussion, and experiential learning. Some days will be devoted more heavily to lectures that summarize and/or expand on key elements from chapters, introduce material from outside the text, or both. Other days will be more heavily devoted to in-class projects and activities.

During the semester there will be a number of outside speakers, most of whom are local entrepreneurs. Because these individuals are volunteering their time, we will be as accommodating and welcoming as possible. Specifically, (a) speaker dates will be arranged for the convenience of the speakers, (b) the dress code for speaker days is business casual, or more dressy.

Entrepreneurship is about the recognition and pursuit of opportunities. This is an *activity* engaged in for its own sake and it is modeled by elements of the structure of the class. Class attendance is not required, but **all class material, including activities and speakers, is "fair game" for the examinations**. Readings should be done in advance of class sessions in order to promote discussion, and **all assigned readings are also considered fair game**, whether or not they are discussed in class.

REQUIREMENTS AND EVALUATION

Personal Vision. As the saying goes, "if you don't know where you're going, any road will take you there." One of the features of entrepreneurial behavior is a willingness to be honest about one's own desires, strengths, and weaknesses. So the very first assignment is to construct a *personal vision*. Answer the following questions in three well-constructed paragraphs: What are your long term goals for the future? What specific actions have you taken to ensure that these objectives remain open to you? What else should you do? This document **must** be submitted electronically (in MS Word), and **must** include a digital picture of yourself imbedded/inserted into the document. All electronic submissions are to be submitted via WebCT, in the assignments section. The Personal Vision is worth **20 points**, and is **due January 16th, by the start of class**. The penalty for late submission of your personal vision will be 4 points per day.

Personal Vision Elevator Pitch. As a prospective entrepreneur you will need to develop the skill of making an elevator pitch. It is called such because it can be delivered in the time it takes to ride an elevator. In the 1-2 minutes one may have a "captive audience" to pitch an idea, it must be "sold" convincingly to get the other party interested in reading the business plan or at least getting an appointment to further discuss the idea. So in addition to the written assignment, each student will make a 1-2 minute "elevator pitch". The pitch will include: your name, where you're from, your major, and a *compelling* summary of your personal vision. The idea you're *selling* is that vision of your future. Pitches will be given on January 16th. Although there is no grade for making the pitch, no points will be awarded to the written assignment until a verbal pitch has been made.

Individual Cash Flow. An entrepreneurial business that cannot manage its cash flow correctly will likely fail, regardless of its gross margins. You will experience this first-hand by keeping detailed records of your own personal cash flow throughout the semester. This personal cash flow **must** be maintained in MS Excel, and **must** be submitted electronically on WebCT. Expenditures in cash must be distinguished from expenditures made through credit (note: using a debit card is not the same as credit – it counts as cash), and there **must** be a running balance. You **must** also include weekly summary of cash inflows and outflows. A sample Excel document will be provided on WebCT. At the end you will first write a reflection of what you've learned about your own cash flow. Second you are to imagine that your cash flows represent those of a new company looking for investment. You will need to decide whether or not you would invest in the business and **explain why or why not, using what you've learned from the class and the text**. The Individual Cash Flow is worth **40 points**, and is **due April 17th**. You will need to submit this electronically via WebCT assignment by the **start of class**. The penalty for late submission of your individual cash flow will be 8 points per day.

Assignments and Final Presentation. There will be assorted assignments given throughout the semester. The total value of all assignments will be **40 points**. The final presentation will be detailed later in the semester. The presentation will take place at the time the final exam is scheduled. The presentation is also worth **40 points**.

Opportunity/Idea Notebooks. In order to recognize opportunities and generate ideas for entrepreneurial ventures, you must begin to “think entrepreneurially” and watch for opportunities in your daily life. One way in which to do this is to maintain a notebook. This notebook can be of any size; however, it cannot be a loose sheet of paper. We will be discussing opportunities in the second week of class and creative idea generation in the third week. After an initial exercise, you are expected to make at least one entry of a possible entrepreneurial opportunity (a problem or a trend) each week and as many business ideas for exploiting that opportunity as you can think of in your notebook. There will be time during several class sessions to discuss the opportunities and ideas that you have written down, so be prepared to discuss them. In this assignment, **creativity is more important than feasibility** as the wildest ideas have led to some of the most successful new businesses. Also **quantity is more important than quality**. You must elaborate on each of the opportunities (**3-5 sentences**), but the ideas need not be so detailed. You will submit your notebooks for a review in about the 6th week of the semester. You will be given a temporary score that will be replaced by the final score with the submission of your full notebook at the end of the semester. The temporary score will be up to **20 points**. Note that it is expected that your ability to recognize opportunities and generate ideas will improve over time. Final notebooks are **due April 19th** (the last day of class) and are worth **50 points**. The penalty for late submission of your opportunity notebook will be 10 points per day.

Business Plan Analysis. The web site <http://www.bplans.com/sp/businessplans.cfm>, produced and maintained by the authors of Business Plan Pro®, contains numerous sample business plans. Pick any one of the plans that **has a PDF version** available, pretend that you are an investor, and **using the principles from the course** provide a critique of the plan. This critique must be in MS Word, must be submitted electronically, and cannot exceed 5 pages (single-spaced, 12 point font, 1 inch margins). Your analysis **must** cover the following subjects covered in class (week): the opportunity (2-3), the new venture team (5), financials (6), marketing (8), general strategy/competitive advantage (9), plus in general what a business plan should cover (7). Be sure to identify (a) the **strengths** of the plan as you see them, and (b) the **weaknesses** of the plan as you see them **for each section**. The Business Plan Analysis is **due March 29th** and is worth **60 points**. The penalty for late submission of the business plan analysis will be 12 points per day.

Examinations. There will be three mid-term examinations. Each examination will consist of a combination of multiple choice questions and essay questions. The essay questions will require synthesis of the material, and answers will be limited to a half-page per question. Questions on the examinations will largely be based on material covered in class discussion and lecture, but all material in the text and any extra readings are “fair game” for the examination. Make-up examinations will be given only for **legitimate, documented** excused absences and will not include the same questions found on the regularly-scheduled examination. The first examination is worth **30 points**, and is meant as a “warm-up”. The remaining examinations are worth **60 points** each.

COURSE POLICIES

Participation. You are expected to come to class prepared and to make a meaningful contribution in the classroom. This will require having read the assigned readings for the day before coming to class. Many class sessions will be based on group activities, thus your full participation is essential. Missing class will lead not only to you missing out on the discussion and material that may appear on an exam or be useful in conducting the business plan analysis, but will also hurt members of your team who will be counting on your contributions to the activities. General class contributions include asking questions, answering questions, taking positions, making useful suggestions for your classmates, providing insight into issues from your unique perspective and so forth. You will not be graded on your participation, but failure to make at least a satisfactory contribution will result in **up to a 50-point deduction in your final grade**. I define satisfactory as: occasional, but meaningful contributions that do not take discussion on a non-valuable tangent. The purpose of class discussion is to improve the learning for all of us and to see things from numerous different perspectives. So to assess whether or not you are adding meaningful contribution ask yourself this question: “How would the quality of class discussion be different if I were not there?” If your answer is ‘higher’ or ‘unchanged’ then you are not offering meaningful contribution.

Academic Integrity. All College, School, and Department policies on academic honesty will be strictly enforced in this course. It is expected that all students will adhere to both the letter and spirit of the College’s Honor Code. Along with preparing for and attending class, each student has the responsibility of promoting high academic standards. The School of Business & Economics supports the College policy on academic integrity. Academic dishonesty includes: (a) cheating, (b) fabrications and falsifications, (c) multiple submissions, (d) plagiarism, (e) complicity in academic dishonesty. Suspected cases of violations will be referred to the Honor Board for appropriate action. Inappropriate classroom behavior may result in the student being withdrawn from the class.

Cell Phones. Please turn them off, along with all other electronic gadgets!

Late Assignments. Assignments are due by the start of class (1:40) unless otherwise specified. Assignments turned in late will receive a **20% penalty per day**.

Naming of Documents. All assignments submitted electronically on WebCT should have student’s last name as the first part of document name and the assignment as the second part. For example, an assignment submitted by Joe Smith should be named “Smith-Assignment1.doc” or “Smith-Vision.doc”.

Expectations for Written Work. All written work must be completed and submitted in professional style, and follow basic principles of effective written communication. All written assignments must be submitted in a form and style consistent with expectations of the corporate workplace. At a minimum, all written work should neat, well organized, clearly written, and free from grammatical and/or typographical errors. In other words **grammar and spelling will count as part of the grade on all written assignments**.

GRADING

Assignment	Points	Due Date
Personal Vision	20	Jan. 16 th
Individual Cash Flow	40	Apr. 17 th
Assignments	40	Random
Final Presentation	40	Apr. 26 th
Opportunity/Idea Notebook	50	Feb. 15 th & Apr. 19 th
Business Plan Analysis	60	Mar. 29 th
Exams	150	Feb. 1 st , Mar. 20 th , Apr. 19 th
Total	400 Points	

Grading Policy:

As a guide, the following represent cutoffs for grades:

- A - You must earn at least **93%** of total points
- A- - You must earn at least **90%** of total points
- B⁺ - You must earn at least **87%** of total points
- B - You must earn at least **83%** of total points
- B- - You must earn at least **80%** of total points
- C⁺ - You must earn at least **77%** of total points
- C - You must earn at least **73%** of total points
- C⁻ - You must earn at least **70%** of total points
- D+ - You must earn at least **67%** of total points
- D - You must earn at least **63%** of total points
- D- - You must earn at least **60%** of total points
- F - Anything less than **60%** of total points

CALENDAR*

Week	Date	Topics/Class Activity/Due Dates	Assignment Due	Chapters
1	Jan. 9	General introduction to the course		---
	Jan. 11	The nature of entrepreneurial activity		1
	Jan. 12	<i>Drop/Add Deadline</i>		
2	Jan. 16	Personal Vision elevator pitches	Personal Vision Due	---
	Jan. 18	Uncovering opportunities		2
3	Jan. 23	{Activity}		---
	Jan. 25	Rationality, creativity, and cognitive science		3
4	Jan. 30	{Activity}		---

	Feb. 1	Exam #1 (30 points)		1-3
5	Feb. 6	Exam, cash flow and notebook review		---
	Feb. 8	Finding the right people		5
6	Feb. 13	Finding the cash		6
	Feb. 15	{Activity}	Opportunity Notebooks Due	---
7	Feb. 20	Elements of a business plan <i>Last day to drop with grade of "W"</i>		7
	Feb. 22	Review of business plans		---
8	Feb. 27	Marketing in a new firm		9
	Mar. 1	Marketing activity		---
	Mar 5-9	Spring Break – NO CLASS	---	---
9	Mar. 13	Strategy and competitive advantage in a firm		10
	Mar. 15	{Activity} <i>Midterm grades available</i>		---
10	Mar. 20	Exam #2 (60 points)		5-7, 9-10
	Mar. 22	Acquiring and using essential information		4
11	Mar. 27	Review exam Legal forms of new ventures		8
	Mar. 29	{Activity}	Business Plan Analyses due	---
12	Apr. 3	Protecting intellectual property		11
	Apr. 5	{Activity}		---
13	Apr. 10	Interpersonal skills for entrepreneurs		12
	Apr. 12	Motivating employees		13
14	Apr. 17	Exit strategies	Individual Cash Flow Due	14
	Apr. 19	Exam #3 (60 points)	Opportunity Notebooks due	4, 8, 11-14
Thurs.	Apr. 26	Final Presentation (12-3)		

* I reserve the right to make changes to this schedule