

ENTREPRENEURSHIP & NEW VENTURE PLANNING

PGP- 2015-16

Term 5

Business Policy Area

Instructor : Prof. Mukesh Sud

Course Credits: 1.25

Course Availability

PGP/FABM & Exchange Students only

Total Strength 40+10=50

Introduction & Learning Objective:

Entrepreneurship & New Venture Planning (ENVP) is intended for students wishing to explore a career in entrepreneurship. This encompasses those who (1) have an idea and want to assemble the human, financial, technical and other resource to implement it (2) are likely to be key decision makers in corporations and want to appreciate the challenges of entrepreneurship in the context of large firms and (3) desire an entrepreneurial life style as a lifelong career option. The course will also be beneficial for students who might consider entrepreneurship at some time in the future.

Course objectives are:

1. Identify the processes involved in starting a new venture
2. Identify the processes involved in funding and investing in a new venture or in growing an existing one
3. Understand methods for organizing and managing an entrepreneurial venture

Understand methods for advising owners/managers of entrepreneurial ventures

Description

ENVP covers a wide canvas and adopts a broad view of entrepreneurship. It is organized around 4 modules.

Under the first module (Entrepreneurial Attributes) we will begin by investigating some of the common myths surrounding entrepreneurship, identify the risk and opportunities associated with new venture creation and investigate the skills and attributes required to pursue an entrepreneurial career. We will then examine the difference between an entrepreneurial and managerial mind-set across a range of dimensions.

The next module (Entrepreneurial Teams and Plans) examines entrepreneurship as a team activity involving planning. In this students will be walked through, and taught how to critique, a business plan. They will also be expected to write a mini-version of one as their end term assignment (details in next section). We will engage with opportunity recognition behavior and understand how entrepreneurs observe patterns that help them connect the dots. Utilizing an effectual lens we will appreciate how entrepreneurs often take decisions based on three fundamental questions- who they are/ what they know/whom they know. The importance of social networks, and entrepreneurs' weak and strong ties will be emphasized as also their preference for leveraging OPR (other peoples resources). Students will use a POCD (people/opportunity/context/deal) framework to evaluate opportunities

The third module (Entrepreneurial Business Models) examines franchising, acquisition and crowdfunding and various methods of raising funds. In the realm of venture financing we will investigate the nature and availability of early stage venture capital and how VC's create value and some of their limitations that

have persuaded many entrepreneurs to keep them at an arms distance. Students will also become familiar with business models that have leveraged technology to transform traditional industry.

The concluding module (Entrepreneurial Context) begins by examining the lean start-up culture that favors experimentation over elaborate planning. Innovation and creative thinking will be emphasized as also understanding the dotcom boom/bust and its impact on new ventures creation. With research indicating that 75% of start-ups fail¹, we will understand entrepreneurial failure and its ability to serve as a learning tool for the entrepreneur. This engagement with failure will be a central theme through the course. The challenges that large firms face both in facilitating an entrepreneurial culture and in assimilating more nimble start-ups will be analyzed. We will also examine the concept of a search fund that has become popular among those who have a desire for entrepreneurship but lack a business idea to pursue. The course will conclude by making the students question whether their desire is for entrepreneurship or merely an entrepreneurial career. Both offer interesting possibilities

Pedagogy

The course will be delivered with a mix of case discussions, lectures and guest speakers. Students must be prepared to (1) read the case and readings in advance of the class (2) actively participate in class discussion and (3) challenge assumptions and models.

Guest speakers have been planned for this course. Depending on their availability case dates may be changed. Students will be advised in advance about this.

Evaluation

No	Component	Weightage
1	Class Presence and Participation	20% (individual)
2	Case written analysis & home work	40% (individual)
3	Business Plan- External judges	35%(group)
4	Business Plan-Peer evaluation	5% (group)

Students are expected to be present and well prepared for every class. Assignment questions are listed at the end of each case. Besides these the instructor may raise additional questions. Remember class participation is not only having a voice but, more importantly, raising quality issues relevant to the case. Class participation will also be evaluated in terms of interaction with guest speakers during their question and answer sessions. In case you have any hesitation/ concerns kindly approach the instructor at the start of the term so that he can facilitate your participation with prior planning.

At the end of some cases a turn-in homework will be announced. This will be graded. In case the instructor feels the class is not well prepared a short quiz maybe given at the beginning of class.

A plan will be due at the end of the term. Students need to form groups of four for this assignment. The business plan is not an overnight effort and must be worked on through the term. The cases selected for the course cover a wide variety of contexts/industries. While reviewing these cases students should keep updating their own business plan with thoughts/ideas that emerge. A business plan written overnight will be reflected in mediocre work.

¹ Ghosh, S. Harvard Business School lead author of the study concludes "VC's bury their dead very quietly. They emphasize their successes but don't talk about their failures at all"

At the end of week 2 students are expected to inform the AA on the topic of the business plan they intend pursuing and the names of other member of their group. Students are expected to meet with the instructor through the term (after prior appointment) to review their business plan and discuss issues they are having difficulty with.

Detailed Session Plan

MODUE 1: Entrepreneurial Attributes

1. Topic Course introduction
 Myths about entrepreneurship
 Case Career at a Cross Road: Akhil & Roopa HBS Case 9-816-102 (2016)
 Learning Introduction to entrepreneurship; questioning common myths about entrepreneurial attitudes and behavior

2. Topic Practice of entrepreneurship
 Case Clocky: The Runaway Alarm Clock HBS Case 9-507-016 (2012)
 Reading: Stevenson, H., A Perspective on Entrepreneurship (2006), HBS 9-384-131
 Learning Decisions entrepreneurs face while starting a venture; differences between entrepreneurial and managerial behavior

3. Topic Opportunity recognition
 Case The Miswak Company Ivey Case W16127 (2016)
 Reading Baron, R., Opportunity Recognition as Pattern Recognition (2006), Academy of Management Perspectives, February
 Learning: Identify risk and opportunities associated with a new venture; opportunity recognition as repeated search for patterns

4. Topic Entrepreneurial mindset
 Case Cold Opportunity (A), (B), (C) Darden Business Publishing UV 2032 (2009)
 Reading Sarasvathy, S., What Makes Entrepreneurs Entrepreneurial? (2015) Darden Business Publishing UV 1356
 Learning Concept of effectuation and how entrepreneurs often take decisions on the basis of who they are/what they know/whom they know

MODUE 2: Entrepreneurial Teams & Plans

5. Topic Cofounding teams
 Case Rent the Runway HBS Case 9-812-077 (2012)

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| | Reading | Bhide,A. The Question Every Entrepreneur Must Ask (1996). HBR Nov-Dec |
| | Learning | Product market fit for a new venture and the importance of assembling a team; roles of cofounders; risks associated with premature scale up |
| 6. | Topic | Team dynamics & equity negotiation |
| | Case | Negotiating Equity Splits at UpDown HBS Case 9-809-020 (2012) |
| | Reading | Malhotra,D. Controlling the Negotiation Before it Begins (2015) HBR |
| | Learning | Timing equity split negotiations: should they take place early or after roles and contributions are better defined? How equity can be used to attract, motivate and retain founders. |
| 7. | Topic | Writing a business plan |
| | Case | Business Plan for Room for Dessert HBS Case 9-899-008 (2013) |
| | Reading | Mullins, J . & Komisar,R., A Business Plan? Or a Journey to Plan B? (2010) MIT Sloan Management Review, March |
| | Learning | Components of a business plan; assessing a plans strength and weaknesses, appreciate plans are living documents that evolve over time |
| 8. | Topic | Entrepreneurship value creation cycle |
| | Case | Dr. John's Products, Ltd. HBS Case 5-810-132 (2010) |
| | Learning | Understanding a complete value creation cycle from identifying an opportunity through marshaling of resources, exploitation of growth and harvesting |
| 9. | Synthesis | Modules 1 & 2 |

MODUE 3: Entrepreneurship Business Models

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| 10. | Topic | Entrepreneurship by acquisition |
| | Case | TerraMai: Reclaimed Wood from Around the World, Stanford GSB E192 (2005) |
| | Reading | Stevenson,H., Roberts,M. & Sharpe,J. Early Career LBO's: Using the Search Fund Model (2015). HBR |
| | Learning | Path to entrepreneurship by reinventing existing organizations; challenge in maintaining partnerships; evaluating non-IRR goals |
| 11. | Topic | Growth challenges for small & medium enterprises |
| | Case | Stag International: Strategic Dilemmas of a Growing Family Owned Indian Business. Ivey Publishing W 13425 (2013) |
| | Reading | Hamm, J. Why Entrepreneurs Don't Scale. (2002) HBR |
| | Learning | Managing a small business in an Indian context |

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| 12. | Topic | Venture capital |
| | Case | ONSET Ventures HBS Case 9-898-154 (2005) |
| | Reading | Bhide, A., Bootstrap Finance: The Art of Start Ups (1992) |
| | Learning | Early stage venture capital and the start up process for any high potential venture; role of general and limited partners; how venture capitalists add value |
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| 13. | Topic | Alternate financing models |
| | Case | Jibo: A Social Robot for the Home HBS Case 9-816-003 (2016) |
| | Reading | Rich,N. Silicon Valley's Start-Up Machine, (2013) New York Times, May 2 |
| | Learning | Crowdfunding as an alternate proach to financing |
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| 14. | Topic | Evaluating opportunities |
| | Case | Zipcar : Refining the Business Model HBS Case 9-803-096 (2005) |
| | Reading | Brush,C. Pioneering Strategies for Entrepreneurial Success (2008). Business Horizons |
| | Learning | Using a POCD framework to evaluate opportunities |
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| 15. | Topic | Entrepreneurial business models |
| | Case | Business Model Innovation at TutorVista: Personalization and Global Resource Leverage, Michigan Ross School of Business (2012) |
| | Reading | Bryce,D.,Dyer,J. & Hatch,N. Competing Against Free. (2011) HBR |
| | Learning: | Questioning assumptions; transforming traditional industry business models by leveraging technology and utilizing innovative organizational practices |
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| 16. | Topic | Franchising as a path to entrepreneurship |
| | Case | ICEDELIGHTS HBS Case 9-898-196 (2003) |
| | Reading | Blank, S. Why the Lean Start-up Changes Everything (2013) HBR May |
| | Learning | Franchising as an alternate career path to entrepreneurship with risks/rewards; concept of a lean start-up |

MODUE 4: The Entrepreneurial Context

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| 17. | Topic | Innovation & creativity |
| | Case | IDEO- Human Centered Service Design HBS Case 9-615-022 (2016) |
| | Reading | Creativity and Creative Groups: Two Keys to Innovation. (2003) HBR |

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| | Learning | Innovation management; design thinking as a means to create solutions that are compatible with needs and behaviors of customers; role of empathy and human-centeredness |
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| 18. | Topic | Failure |
| | Case | Homegrocer.com: Anatomy of a Failure. Kelley School of Business, Indiana University (2014) |
| | Reading | McGrath, R.G., Failing by Design. HBR (2011), April |
| | Learning | Risks and rewards of launching a revolutionary venture in uncertain environments; dotcom boom/bust in the US market (1995-2001) and its impact on valuations; failure as a learning tool |
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| 19. | Topic | Mistakes entrepreneurs make |
| | Case | Dinr: My First Start-Up (A) |
| | Reading | Wasserman,N. & Hellman,T. The Very First Mistakes Most Startup Founders Make 2016) HBR |
| | Learning | Entrepreneurs ability to learn from their failures |
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| 20. | Topic | Entrepreneurship in large firms |
| | Case | Google and Niantic Labs: The Professional Entrepreneur and Innovation in the Silicon Valley (A) Berkley Haas School Series B 5868 (2016) |
| | Learning | Acquisition implications; challenges faced within acquiring and acquired firms |
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| 21. | Topic | Entrepreneurship in large firms |
| | Case | Google and Niantic Labs: The Professional Entrepreneur and Innovation in the Silicon Valley (B) Berkley Haas School Series B 5869 (2016) |
| | Reading | Dougherty,C. (2016) They Promised us Jet Packs. They Promised us the Bosses Profit. New York Times, July 23 |
| | Learning | Open innovation and innovation clusters; issues around spin-offs |
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| 22. | Topic | Entrepreneurship or an entrepreneurial career? |
| | Case | Ashta Chamma-The Biggest Small Movie Ever Made (A) & (B) Richard Ivey School of Business Case 910M79 & 910M80 (2010) |
| | Learning | The role of venture learning in entrepreneurial survival; understand the evolving objectives of 'life style' entrepreneurs |
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| 23. | Conclusion & Wrap Up | |
| 24. | Business Plan Presentations | |
| 25. | Business Plan Presentations | |

Pre-requisites & Eligibility

Students should have completed all core courses required in PGP1

Relationship to Other Courses

ENPV builds on and integrates earlier core concepts that students have engaged with in PGP1.