



ENTR 454 New Venture Formation Fall 2012 SYLLABUS

Class hours: Tuesdays and Thursdays, 2.00-3.15 pm, TH 120
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Office hours: Tuesdays and Thursdays, 10.30 am - 11.00 am, UH 2228

Course Objectives and Teaching Methods

This course covers the entrepreneurial process from conception to birth, early growth and harvesting of a new venture. It concentrates on how entrepreneurs search for opportunities, gather resources to convert opportunities into businesses, and grow their businesses. Students learn how to evaluate entrepreneurs and their plans for new businesses. They work in teams to write a business plan for a new venture that they would like to conceive.

It has been said that the difference between managers and entrepreneurs is that managers are 'resource driven' whereas entrepreneurs are 'opportunity driven.' Within the broadest definition, entrepreneurs are found throughout the world of business, since any firm, if it is to survive and prosper, must have its share of entrepreneurial drive. However, in this course, the focus is on entrepreneurs who found startup firms or start new ventures within existing corporations.

Through lectures, case studies (both written and video), movies, online simulations, guest speakers, and group projects, the course simulates the experiences that entrepreneurs undergo in conceiving, launching, and operating a new business. The course enables students to evaluate an entrepreneurial career for themselves. In so doing, it provides want-to-be entrepreneurs with a framework for selecting, funding, and starting their own new ventures.

Projects and Assignments

Group Project

The principal project for the semester is the development of a plan for a new business. Teams of 4 students will write a business plan that is no longer than 30 pages of text, excluding the exhibits and references. The content of the business plan is described in the required text and in the lecture overheads that will be posted on black board. During the last two classes, each team will present their business plan. The deadlines for these submissions are listed in the course schedule shown below.

Individual Assignments

There are also several projects that are to be completed by students working individually. The mandatory individual projects include

- 1) Individual business idea pitch and written description (1-3 paragraphs) of your business idea: Early on during the course, each student will present an idea for a new business. Then the class will vote to select the most viable business ideas. The presenters of the winning proposals will be able to form a team of 4 students around their idea
- 2) Completion of a simulation exercise (Backbay Battery)

In addition, the students must complete **two** out of the following four exercises

- 1) Essay (approximately 4 pages) describing an entrepreneur and his/her new venture. You should discuss
 - a. the life of the entrepreneur,
 - b. his and her personal characteristics
 - c. how these factors contributed to entrepreneurial success
 - d. what was special about the business opportunity pursued by the entrepreneur.

Case studies (The case study questions are posted on the black board)

- 2) Baidu.com
- 3) IDEO Product Development
- 4) Apple's Core

The deadlines of each assignment are listed in the detailed course schedule provided below.

There will be NO mid-term or final exams for this course.

Required Material

Required Books (available at major (online) bookstores):

- *Entrepreneurship*, W. D. Bygrave and A. Zacharakis, 2010 (second edition), John Wiley & Sons. ISBN-10: 0470450371, ISBN-13: 978-0470450376

Required Articles are available in library reserve, accessible through Black Board and at <http://uic.docutek.com/eres/coursepage.aspx?cid=2451>. The password is bringmoney.

- Amabile, T.M. 1997. Motivating Creativity in Organizations: On Doing What You Love and Loving What You Do. *California Management Review*, 40(1): 39-58.
- Chesbrough, H.W. 2007. Why Companies Should Have Open Business Models. *MIT Sloan Management Review*, Winter 2007: 22-28.
- Ekvall, G. 1996. Organizational Climate for Creativity and Innovation. *European Journal of Work and Organizational Psychology*, 5(1): 105-123.
- Ghemawat, P. 2001. Distance Still Matters: The Hard Reality of Global Expansion. *Harvard Business Review*, September 2001: 137-147.
- Oviatt, B.M., & McDougall, P.P. 1995. Global Start-Ups: Entrepreneurs on a Worldwide Stage.

Academy of Management Executive, 9(2): 30-43.

Cases and Simulation Exercise

The whole course package is available at <http://cb.hbsp.harvard.edu/cb/access/14324511>. Even though you are not required to submit each case, you should read them through to be able to follow and participate in the classroom discussion. The individual cases and simulations can be downloaded at

Baidu.com, Inc: Valuation at IPO, Case A-197 (<http://cb.hbsp.harvard.edu/cb/access/14615958>)

IDEO Product Development, Prod #:600143-PDF-ENG
(<http://cb.hbsp.harvard.edu/cb/access/14324847>)

Strategic Innovation Simulation: Back Bay Battery, 2656-HTM-ENG
(<http://cb.hbsp.harvard.edu/cb/access/14324870>)

Apple's Core 809063-PDF-ENG (<http://cb.hbsp.harvard.edu/cb/access/14324881>)

Student Evaluation

The final grade for the course will comprise the following:

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|-----------------------------|-----|
| (1) Classroom participation | 15% |
| (2) Individual assignments | 40% |
| (3) Team business plan: | |
| Final presentation | 15% |
| Written plan | 30% |

LATE ASSIGNMENTS, BUSINESS PLANS, ETC: Assignments will be graded down by 10 percent each day that they are late. Assignments that you fail to turn in will earn 0 points.

Classroom participation: This will be based on the quality and quantity of a student's contribution to classroom discussion and projects, which include the individual pitch of a business idea and the completion of the simulation exercise.

Essay describing an entrepreneur of your choice: Guidelines for this paper will be given in class. Criteria for evaluation will include the quality of the content, application of themes from the readings and class discussions, and the thoroughness of the underlying research.

Team business plan: Each team's project will receive a grade based on the final presentation and the written business plan. Criteria for evaluating the project will include feasibility of the business opportunity, completeness and viability of the business plan, quality of underlying research and the quality of the final presentation.

Case analysis: Case analysis will be evaluated based on how well students address the pre-assigned case analysis questions (downloadable from the blackboard). Written case analyses are due on the day when

the specific case will be discussed in class (please refer to the course schedule below).

Simulation exercise: each student needs to complete this assignment. The completion of this exercise will count towards the participation and attendance points.

Pitch for and write a brief description of a business idea: mandatory for each student. The pitch will count towards the participation and attendance points.

GRADING SCHEME

A: 90-100

B: 80-89

C: 70-79

D: 60-69

F: under 60

Additional Information

Academic integrity and honesty are of paramount importance in this course. Plagiarism will have a significant negative impact on your grade.

Everybody is expected to contribute to team projects equally. If you experience problems within your team that cannot be solved with reasonable effort, please inform the instructor well ahead of the end of the semester.

Please, contact the instructor should you

- Have specific physical, psychiatric, or learning disabilities which require accommodations.
- Observe religious holidays or practices which will require you to be away at some point during the semester or which could affect your performance in class.

Tentative Class Schedule (Subject to Change)

| Date | Topic | Materials | Assignments due |
|--------------|--|-----------------------------|---|
| Aug 28 & 30 | What is Entrepreneurship? <i>Introduction to Entrepreneurship and Entrepreneurial Opportunities</i> | Course book chapter 1 | |
| Sept 4 & 6 | How to identify business opportunities? <i>An idea generation exercise</i> How to Communicate Your Business Idea? <i>Pitching Your Business Opportunity</i> | Course book chapters 2 & 3 | Sept 6: Business opportunity pitch and description due (mandatory) |
| Sept 11 & 13 | How to Communicate Your Business Idea? <i>Formation of teams</i> <i>Basic Components of a Business Plan</i> How to Do Competitor and Market Research Using Library and Online Resources? SEPT 13: PLEASE, NOTE WE WILL MEET AT RICHARD J. DALEY LIBRARY, IDEA COMMONS, FIRST FLOOR SOUTH | Course book chapter 7 | |
| Sept 18 & 20 | Who Are Entrepreneurs? <i>What Inspires Individuals to Recognize and Exploit Entrepreneurial Opportunities?</i> How Do Successful Ventures Look Like? <i>Examples of Successful and Not So Successful Firms</i> | Course book chapter 2 | Sept 20: Essay on your entrepreneur due (optional)* |
| Sept 25 & 27 | How Do Successful Ventures Look Like? Meet a real life entrepreneur | Course book chapters 4 & 14 | |
| Oct 2 & 4 | How to Start a New Company? <i>Financing and Evaluating the Value of New Ventures</i> <i>Legal Matters Related to Starting Your Business</i> | Course book chapters 9-12 | |
| Oct 9 & 11 | Meet a real life entrepreneur <i>How to Harvest and Exit from Your Venture?</i> How are Entrepreneurship and Industry Evolution Linked? <i>The Concept of Technology Cycle</i> | Course book chapter 10 & | Oct 9: Baidu.com Due (optional)* Oct 11: First part of the business plan due (mandatory)** |

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|----------------|--|--|---|
| Oct 16 & 18 | How to Foster Entrepreneurship within Large Corporations? <i>In Class Simulation Exercise</i> | Amabile (1997) Ekvall (1996) Chesbrough (2007) | Oct 16: Ideo case study due (optional) Oct 18: in-class simulation exercise (mandatory) |
| Oct 23 & 25 | Meet a Real Life Entrepreneur What are the Basics of the Marketing and Operations Plan? How to Build a Successful Management Team? | Course book chapters 5, 6, & 7 | Oct 25: Apple's Core due (optional)* |
| Oct 30 & Nov 1 | How to Manage Your Intellectual Property? Meet a Real Life Entrepreneur | Course book chapter 13 | |
| Nov 6 & 8 | How to Expand Internationally <i>British Entrepreneurs in China</i> | Oviatt & McDougall (1995), Ghemawat (2011) | |
| Nov 13 & 15 | How to Expand Internationally Continued | Oviatt & McDougall (1995), Ghemawat (2011) | |
| Nov 20 | What is the role of Ethics and Social Responsibility in Entrepreneurship? | Course book chapter 15 | |
| Nov 27 & 29 | <i>How to pitch your venture to potential investors</i> Work in team in class | | |
| Dec 4 & 6 | Final Presentations | | Dec 4: second part of the business plan due; presentation on the designated presentation date (Dec 4 & 6) (mandatory) |

* Please, complete 2 out of 4 elective assignments.

** Please, submit the title page, executive summary, product or service description, company analysis, customer analysis, industry analysis and relevant appendices.

*** Please, submit the competitor analysis, marketing plan, operations plan, management team, critical risks and relevant appendices