

# Course Syllabus

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## ENTREPRENEURSHIP AND INNOVATION

SPRING 2016

Management 337 Unique Number 05025

SOCIOLOGY 322E Unique Number 44560

MW 9:30-11

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**COURSE PURPOSE:** To Start a Company with KNOWLEDGE AND KNOW-HOW of the Start-Up Process

The purpose of this course is to understand how to create jobs and wealth through the process of entrepreneurship. It covers the mechanisms of the start-up process and the importance of understanding our capitalist system. We use theories of organizational science to understand how to create effective teams that will take a product to market. Entrepreneurship and innovation are the principal source of jobs and wealth in market economies. This course is concerned with entrepreneurship based on new technologies. These technologies influence and enhance all entrepreneurial activities, including transportation, food service, educational institutions, and communications. Technology transfer is at the very center of business enterprise and entrepreneurship. It is the process of taking innovations out of laboratories and finding commercial applications for those technologies. Thus as we examine all kinds of entrepreneurial opportunities, the focus of the group project is on technology transfer and new venture development. The course is also concerned with explaining "how" entrepreneurship takes place as well as "why" it takes place. The "how" of new venture development is related to the entrepreneurial process (innovation, technology transfer assessment, business plans, fund raising, launching of the enterprise, and the harvest or selling of the enterprise)? Research in this area is rich, comes out of the discipline of Management and, tends to concentrate on case studies and best practices. Related to this is the importance of the Eco-System; Austin, Silicon Valley and Boston are great Eco-Systems. The "why" of entrepreneurship is concerned with why people and groups of people engage in the entrepreneurial process? Research in the area is found in the disciplines of History, Sociology, Psychology and Economics, and is less concerned with case studies but instead concentrates on statistical analysis of measured variables of individuals and groups of individuals. The course concentrates on the entrepreneurial process and theoretical aspects of new venture developments. Readings range from the development of high tech firms (remember that high tech is everything from the discovery of fire, automobiles and airplanes) to the entrepreneurial lessons of American immigrants. The course also utilizes "live" case studies; these are individuals who have created wealth and will share their knowledge with the class. The overall aim of the course is to create within you the idea that someone has to concentrate on wealth creation and job creation within the context of market economies. You will be guided by tools of the process, The "Quicklook" and the Business Model Generator. These tools are designed to analyze the market potential of new technologies. You will have an opportunity to create your "BIG IDEA" with your classmates as team members. The final project is for the teams to present their "BIG IDEA" to the class.

### COURSE REQUIREMENTS:

All reading listed below are required. The course encourages a lot of discussions, questions, and opinions. I expect everyone to be in class for every class period (The State Legislature has passed a law that you should be able to purchase your books on line).

#### Books:

1. Thomas H. Byers, Richard C. Dorf, and Andrew J. Nelson, Technology Ventures: From Idea to Enterprise. Amazon Digital Available (4e)
2. Alexander Osterwalder and Yves Pigneur, Business Model Generation. Amazon Digital available

3. Gary Hoover, The Art of Enterprise and can be downloaded for \$10 from the link below  
<http://www.scribd.com/doc/25085990/The-Art-of-Enterprise-by-Gary-Hoover-January-2010>

Readings: (All posted on Canvas)

1. Drucker, "Modern Prophets: Schumpeter or Keynes"
2. William D. Bygrave, "The Entrepreneurial Process"
3. Raymond W. Smilor, David Gibson and George Kozmetsky "Creating the Technopolis: High-Technology Development in Austin, Texas"
4. Judith K. Larsen and Everett M. Rogers, "Silicon Valley: The Rise and Falling Off of Entrepreneurial Fever"
5. Quicklook Tool for Technology Transfer and Example of Quicklook
8. Anna Lee Saxenian. "Silicon Valley's New Immigrant High Growth Entrepreneurs (Canvas)
9. David V. Gibson and John Sibley Butler, "Creating and sustaining High-Tech Development In Austin Texas
10. "American Made: The Impact of Immigrant Entrepreneurs on U.S. Competitiveness", Sections I, II, III.

Quicklook "Cases": (All posted on canvas): These are "cases" which are designed to show markets are discovered for new scientific discovery. They bring out the importance of laboratories and are responsible for changing business models and creating new wealth and jobs.

- (1) Alerting a Runner
- (2) Anti-Icing Fluid
- (3) Apoptotic Proteins for Allergy & Asthma
- (4) Automated Bike Parking
- (5) Betalain Freshness Indicator
- (6) Cab Track
- (7) Cervical Cancer Treatment
- (8) Drowning Monitor

### Invited Guest Speakers:

Gary Hoover, Founder of Hoovers and Book Stop (<http://hooversworld.com>)

John Fortkort, IP Lawyer (<http://www.foholaw.com/john-fortkort.htm>)

James Logan Brown and Bradley Roofner, Founders of Davenforth Ventures (<http://www.dailytexanonline.com/2015/02/03/two-ut-seniors-continue-to-build-davenforth-investments-and-davenforth-ventures>)

Robert Sek, Founder Hospital and Health Care (<http://www.robertsek.com/>)

James Preston, Entrepreneur and Entrepreneur in Residence, McCombs School of Business  
(<http://www.today.mcombs.utexas.edu/2015/10/austin-businessman-named-entrepreneur-in-residence>)

Mike Dewey, Entrepreneur (<http://www.bizjournals.com/austin/blog/techflash/2014/06/veterinary-services-startup-raises-funding-from.html>)

### Videos:

Throughout the class you will be introduced to videos about the development of Austin and entrepreneurs who have started and managed firms. The Herb Kelleher Center for Entrepreneurship has an outstanding Speaker's series. We will chose from the following videos:

1. Jim Lussier, Managing Director Dell Computers  
<https://www.youtube.com/watch?v=yIXve1GjtfM>
2. Jim Curry and Alan Schoenbaum  
[https://www.youtube.com/watch?v=IRCRPqM\\_6JE](https://www.youtube.com/watch?v=IRCRPqM_6JE)
3. Randy Crowder: Building a Business with Little Funding  
<https://www.youtube.com/watch?v=6v7sYZouYjl>
4. Ruby Garza, G51

<https://www.youtube.com/watch?v=VDlxagwcb4Q>

5. Venu Shamapant VC

<https://www.youtube.com/watch?v=kc8-nKqtSxQ>

5. Alan Blake Glofish

<https://www.youtube.com/watch?v=dnmkmYkyNvk>

6. ERI Laura Kilcrease

<https://www.youtube.com/watch?v=Bb5MmYNP8Gg>

7. Glofish Videos

8. The Entrepreneurial Revolution

## COURSE EVALUATION:

The final grade for the course will be based on the following criteria:

Two essay examinations (80% of grade); the dates are Wednesday, October 5th and Wednesday November 16th. A presentation in class of your technology and the completion of the quicklook report. See below for details.

(1) The essay exams are designed to capture your knowledge of basic principles of new venture development. The questions ask you to write about theory and application. A typical question is as follows: You have been assigned as a consultant to find a Chief Executive Officer for a Start-Up. What are the important variables that you will consider when selecting the person. The essays will combine both theory and practical application.

(2) A final group project that is based on an innovative idea, or what I call the Big Idea. We will divide the class into innovative teams that will develop an idea for an “elevator speech” (15 minutes) at the end of class (15% of final grade). This idea will be taken from laboratories that will be found on technology transfer pages of organizations that include NASA, DoD, University of Texas and other universities. Google Patents (GooglePatents.com) does a good job of presenting technologies. I will assign individuals to teams based on the alphabetical roster. Teams are required to present a (PowerPoint) presentation to the class. All presentations should be emailed to me (john.butler@mcombs.utexas.edu) at the end of the week, prior to the start of class presentations. I will save them on my computer (to save set-up time) so that we can quickly move through the presentations. In addition, the team will email to me a completed quicklook on December 9th.

(3) Every student will fill out an evaluation of the presentation presented by fellow students. This is a required exercise to give you the experience of deciding whether or not to fund an idea. I will provide you with the document that you must fill out during the presentation and turn in. It gives you the experience of being an angel investor (5% of grade). Grading is just “yes it was turned in” and “no it was not turned in.” This form will be posted prior to presentations.

(4) Final Math for Course Evaluation

Course Evaluation:

Exams=80%

Class Presentations =15%

Evaluations of your classmates presentations =5%

## ESTIMATED COURSE OUTLINE AND READING ASSIGNMENTS

**Topic One: Understanding market economies and the importance of entrepreneurship. In this section we look at “models of the economy.”** what are the driving forces of a modern economy that enhances job creation and wealth creation? What are the theories that drive economic forces? We take a look at a classic piece. Throughout history scholars have tried to create models of different kinds of economies; these are visions of how things should be. Peter Drucker’s reading provides a way of thinking about market economies and the importance of capitalism for America and the history of the world. Also, the section sets the stage by examining how entrepreneurs look at the world as a world of opportunity; how to solve problems through the application of the entrepreneurial process. It is a preview of the things that we will study and the things that we will do in the course.

Wednesday, August 24th (First Day of Class)  
Monday, August 29th, Wednesday, August 31st

#### Readings:

Drucker, "Modern Prophets: Schumpeter Keynes" (Canvas)

Bo Carlsson, "Innovation systems: A Survey of the Literature from a Schumpeterian Perspective (Canvas)

Bygraves: The Entrepreneurial Process (Canvas)

Learning Objectives: To present a general understanding of how entrepreneurship and innovation fits into the economy; to understand the importance of entrepreneurship to market economies and to understand how the field of Economics tries to make sense out of the economy.

**Topic Two: Hoover's World of Entrepreneurship and the Importance of Regional Eco-Systems.** One of the most exciting entrepreneurs of our time is Gary Hoover. A University of Chicago graduate, he has combined the "doing of entrepreneurship with the intellectual history of entrepreneurship. His book, *The Art of Enterprise*, will set the thinking process for the class. He has also agreed to be a guest speaker. This section "resets" your mind from everyday thinking to entrepreneurial thinking. It is how you look at the world and think about creating an enterprise to solve problems of the world. The entrepreneur interacts with an eco-system, the place that enhances the development of entrepreneurship. Austin, Texas, Silicon Valley, and Boston are at the top of Eco-systems. This sections examines the interaction of the entrepreneur mindset with eco-systems.

Monday, September 5 (Labor Day) and Wednesday, September 7th

#### Reading Assignments:

Hoover, *The Art of Enterprise*. Chapters 1,2,3,4,5,6,7,8

John Sibley Butler. Austin (Canvas)

Video, *The Entrepreneurial Revolution*

**Topic Three: Science and Opportunity Identification: Seeing Business through the world of Scientific Research, Wealth and Job Creation.** The Entrepreneurial Process and Founding of Start-Up Entrepreneurial Firms. This section looks at the interaction of entrepreneurship, wealth creation and job creation. It seeks to show that entrepreneurs who create companies and create jobs are people who are trying to solve a problem; entering the entrepreneurial culture is very important for understanding this unique opportunity. We will also complete Hoover's *The Art of Enterprise*.

Monday, September 12 (Guest Speaker, Gary Hoover) and Wednesday September 14th

#### Readings Assignments:

Hoover, *The Art of Enterprise*. Chapters 9, 10, 11, 16, 17 18 21, 23, 24

Thomas H. Byers et al.

Chapter 1: The Role and Promise of Entrepreneurship

Chapter 2: Opportunities

Chapter 3: Vision and the Business Model

**Topic Four: Introduction to Quicklook and the Business Model Generator.** This section is designed to show how your ideas can be connected to the business world to help create a company. We will utilize two tools, the quicklook that was developed by NASA and the business model generator. These tools allow us to think through new technologies and place "everything" that is needed to start a company in the business world.

Monday September 19th and Wednesday September 21st

Readings Assignments:

PowerPoint, Quicklook Introduction, Canvas

Alexander Osterwalder et al. Business Model Generation

Osterwalder & Pigneur, Introduction to "Business Model Generation", p. 1-50

**Topic Five: Applying Quicklook to Canvas.** In this section we will apply four quicklooks to the business model canvas. The Canvas is composed of nine building blocks of a business. They are the customer segments, the value proposition, channels customer relationships, revenue streams, key resources, key activities, key partnerships and cost structure. In essence, this is your working "business plan" for your ideas. If you can "canvas," it, you can do it.

Monday, September 26th and Wednesday, September 28st

Reading Assignment:

Videos: Idyll-Life and BigFoot (From the Achieves Moot Corp/Venture Labs: McCombs School of Business)

Quicklook Cases:

(1) Alerting a Runner

(2) Anti-Icing Fluid

(3) Apoptotic Proteins for Allergy & Asthma

(4) Automated Bike Parking

### **Topic Six: The Entrepreneurial Process and Competitive Strategy**

The purpose of this section is to understand the relationship between new ideas and the development of wealth. We are interested in process, and how ideas inform process. We are interested in how one creates an organization that will allow a product or service to go to the market. Both the sociological (Hoover's work) and the business best practices (Dorf and Byers) come together to create the entrepreneurial experience.

Monday, October 3rd and Wednesday October 5th

Note: Teams Should Have decided on a Technology for Class Project

Reading Assignments:

Byers et al.

Chapter 4 Competitive Strategy

Chapter 5 Innovative Strategies

Chapter 6 The Business Story and Plan

Chapter 7 Risk and Return

Chapter 8 Creativity and Invention

Michael Porter, Industry Analysis (Canvas PowerPoint)

**Topic Seven: Intellectual Property and the Start-Up Process.** Intellectual property is the body of legal rights owned by individuals or companies in technology, information, processes, products, designs, chemical compounds, slogans, and other intellectual products. These rights are designed to protect innovative ideas and endeavors; intellectual property is made up of four types. They are patents, copyrights, trademarks, and trade secrets. Because of the creativity of intellectual rights, they are at the basis of wealth creation. Not all enterprises need intellectual rights protection. But the relationship between investors, intellectual property, and wealth creation is strong. This is because it is difficult to invest in a commodity and expect it to bring an excellent return on investment.

Monday, October 10th and Wednesday, October 12th

Reading Assignments:

Byers et al. Chapter 11

11.1 Protecting Intellectual Property 244

11.2 Trade Secrets 245

11.3 Patents 246

11.4 Trademarks and Naming the Venture 249

11.5 Copyrights 251

11.6 Licensing and University Technology Transfer 251

11.8 Summary 253

**Topic Eight: Financing the New Venture Part 1: Angel Funding and Venture Capital.** This section is concerned with financing the new venture. It includes discussion of individual savings, wealthy people, business angels, venture capital, crowd funding and funds from the Small Business Administration.

Monday, October 17th and Wednesday, October 19th

Reading Assignments:

Byers et al,

Chapter 18 Financing the New Venture 396

18.2 Venture Investments as Real Options 398

18.3 Sources and Types of Capital 401

18.4 Bootstrapping and Crowdsourcing 404

18.5 Debt Financing and Grants 407

18.6 Angels 408

Video: Money Talks! With Randall Crowder: Building a Business with Little Funding (Achieves for the Entrepreneur in Residence Program, Herb Kelleher Center, McCombs School of Business)

**Topic Nine: Financing the New Venture Part 2.** This section continues financing the new venture. It includes discussion of individual savings, wealthy people, business angels, venture capital, crowd funding and funds from the Small Business Administration.

Monday October 24th Wednesday October 26th

## Reading Assignment:

- 18.7 Venture Capital 410
- 18.8 Corporate Venture Capital 415
- 18.9 Valuation 417
- 18.10 Initial Public Offering 421
- 18.11 Spotlight on Tesla 435
- 18.12 Summary 435

Video: Research on Angel Networks. (PowerPoint, Canvas)

Video: Jim Lussier, Managing Director, Dell Ventures (Achieves for the Entrepreneur in Residence Program, Herb Kelleher Center, McCombs School of Business)

**Topic Ten: In class team discussion of technologies and Glofish Case.** The purpose of this week is to get the teams together in class and discuss the technologies that you will present for your final “big idea.” We will huddle together in teams and design your future enterprise. I will serve as the Consultant. We will also examine the company where I was the first investor, Glofish LLC.

Monday, October 31st and Wednesday, November 2nd

Readings: John Sibley Butler and William H. Cunningham. Glofish LLC (Canvas)

Video: Alan Blake of Glofish ((Achieves for the Entrepreneur in Residence Program, Herb Kelleher Center, McCombs School of Business)

Video: Glofish CBS Eye on America

**Topic Eleven: Immigration and the Continuous Rebirth of Start-ups.** This section examines immigration and entrepreneurship. Since the 1870 Census newcomers are more likely to be self-employed than the native born. We will concentrate on high tech entrepreneurship.

**Monday, Monday, November 7th and Wednesday, November 9th**

Saxenian and Edulbehran, “Immigrant Entrepreneurship in Silicon Valley” (Canvass)

American Made: The Impact of Immigrant Entrepreneurs on U.S. Competitiveness”, Sections 1 and II (Canvass)

American Made: The Impact of Immigrant Entrepreneurs on U.S. Competitiveness”, Section III (Canvass)

Learning Objectives: To understand how entrepreneurship can be related to the experiences of newcomers to market economies. To examine and understand the contribution of immigrant and minority entrepreneurs to wealth creation and new venture development in America and around the globe; to understand the impact of entrepreneurship on families and the education of children.

**Topic Twelve: Unbundling Business Models.** This section returns to understanding how to insert start-ups into the economy. Will you scale or grow your enterprise or will you sell or harvest it. The concept of unbundled corporations note that there are three fundamentally different types of enterprises, each with different economic, competitive and cultural imperatives.

Monday, November 14th and Wednesday, November 16th

## Readings:

Osterwalder & Pigneur, “Business Model Generation”, pp. 57-119

Topic Thirteen: Review team presentations and Quicklook document. We will take the class period to go over how to do powerpoints for the presentations.




Monday, November 21st Wednesday, November 23rd Thanksgiving

Topic Fourteen Presentations: Team Presentations will start with Team 1. We will try and complete four team presentations per class. We will have three class periods to complete our task.

Monday, November 28th and Wednesday, November 30th  
Monday, December 5th (Last Day of Class)

Each team should complete the presentation between 15 and twenty minutes  
Every Team Members should speak to a slide during the presentation (Someone will play the role of the CEO and introduce other team members.

Assignments Summary:

Date	Details
Wed Oct 5, 2016	<div><div></div><div><a href="https://utexas.instructure.com/courses/1177150/assignments/3937554">Exam 1 (https://utexas.instructure.com/courses/1177150/assignments/3937554)</a></div><div>due by 11:59pm</div></div>
	<div><div></div><div><a href="https://utexas.instructure.com/courses/1177150/assignments/3937562">Class Presentations (https://utexas.instructure.com/courses/1177150/assignments/3937562)</a></div></div>
	<div><div></div><div><a href="https://utexas.instructure.com/courses/1177150/assignments/3937560">Exam 2 (https://utexas.instructure.com/courses/1177150/assignments/3937560)</a></div></div>