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Course Overview

This course's objective is to hone your skills in using tools and frameworks of strategic analysis to analyze strategic problems and to formulate recommendations for entrepreneurial firms. It will *not* cover business plan development, entrepreneurial finance, or strategy implementation and is thus a complement to (rather than substitute for) courses focusing on these issues.

Today's entrepreneurs and managers need to be able to recognize opportunities and cope with challenges created by technological developments, and entrepreneurial activity is particularly important in technology-intensive industries. As such, this course will focus primarily – though not exclusively – on technology-based startups. This course covers three broad sets of topics:

1. **Strategic perspective on the entrepreneurial process.** The first part of the course applies a strategic lens to key issues facing aspiring entrepreneurs and new ventures, including the creation and evaluation of opportunities, strategies to deal with uncertainty, the acquisition and development of resources and capabilities, and challenges in growing the firm.
2. **Competition and strategic interactions.** The second part focuses on the external environment and on strategic interactions with competitors. We will consider strategies to overcome barriers to entry, to compete against well-resourced incumbents, challenges and opportunities in markets characterized by network effects, and strategies to sustain competitive advantage over time.
3. **Cooperation, open innovation, and crowd-based business models.** Complementing the traditional strategy focus on competition, the third part considers cooperative strategies in broader networks of players. Among others, we will analyze when startups should cooperate with incumbents in bringing technologies to market, or how entrepreneurs can prosper within broader business eco-systems. We will also discuss emerging developments in crowdfunding, crowdsourcing, and open source production, many of which involve particularly high degrees of “openness” and cooperation.

Course Objectives and Learning Outcomes

Upon completion of this course, students should be able to:

- Understand and enhance the value-creating potential of entrepreneurial opportunities and to design effective value-capture strategies.
- Evaluate the generalizability of decision making frameworks, and to consider how strategies can be adapted to different industry contexts.
- Work effectively in teams, to analyze complex problems, and to present and justify strategic decisions to external audiences.

This course is designed to address the needs of students who are currently evaluating specific venture opportunities, plan to start entrepreneurial ventures at later career stages, or who want to pursue careers where the ability to evaluate new ventures is important (e.g., venture capital, consulting, M&A). Strategic entrepreneurship should also be of interest to students working in established firms since many of the issues we discuss also apply to the context of “corporate entrepreneurship”. Moreover, understanding the new venture perspective will be useful for incumbents who frequently face startups as competitors or as potential partners.

Cases and Readings

To ensure that we meet copyright requirements while minimizing the cost for students, readings are available from three sources. The syllabus clearly states where you can find each reading.

- Cases and some readings are available in a course pack through Harvard Business School Publishing (approx. \$89). Please use the following link <http://cb.hbsp.harvard.edu/cbmp/access/51207109>.
- Some readings are available for free through the Georgia Tech library E-reserves, <https://ereserves.library.gatech.edu/>.
- Some readings are available on T-square, under “Resources” or under “Assignments”.

In addition to the required readings, the syllabus also references key chapters from the book “Strategic Management” by Frank Rothaermel, which is the most commonly used strategy text at Georgia Tech. This text provides a more detailed discussion of some of the key strategic concepts and frameworks we will use.

You will receive hardcopies of the slides at the beginning of each session. I will post the slides on T-Square (under “Resources”) after each session.

Expectations About Preparation and Professional Behavior

It is essential to the success of this course that you are both physically and mentally present in class, and that you come fully prepared to discuss the material. It is my responsibility as instructor to foster a mutually respectful learning environment in the classroom. Accordingly, I set high expectations regarding professional behavior in class. The following should be avoided:

- Arriving late
- Holding side conversations
- Inattention (e.g., reading unrelated materials, surfing the web, or texting)
- Personal attacks or comments of a disrespectful or insulting nature

To avoid distractions, this course is “unplugged.” Please turn off all computers, PDA’s, phones, pagers, or other electronic devices during class meetings.

Georgia Institute of Technology Honor Code

All students are to uphold the Honor Code at all times. Any act of academic dishonesty (e.g., cheating on the exam, plagiarism) hurts the entire Georgia Tech community. The Honor Code aims to prevent any student from gaining unfair advantage over other students through academic misconduct. All cases of alleged academic misconduct will be referred to the Office of the Dean of Students for disciplinary actions. The Academic Honor Code is explained in detail at <http://www.honor.gatech.edu>.

Plagiarism refers to the direct quotation of text without appropriate attribution. Every quotation must have a citation, and no amount of text can be quoted without citation. Furthermore, when paraphrasing, borrowing or building upon the work of another author, citation is also required. Note that it is NOT acceptable to simply include the quoted source in a list of general references. If you are quoting, you must indicate which specific sections of your text are taken from which specific sources. It is surprisingly easy to detect text that has been cut and pasted from a web site, so please do not be tempted to cut corners in this way.

Course Requirements and Grading

The course grade is based on a weighted average of the following components:

Class Attendance and Participation	20%
Team Case Analyses	20%
Individual Exam	30%
Final Team Project	25%
Peer Evaluation	5%
Total:	100%

Each of these components is discussed in greater detail below. If you have concerns about any aspect of your work or your grades in this course, I urge you to schedule an appointment to talk with me. No late assignments will be accepted except in the case of a documented extreme emergency. I will not accept late assignments even if they have an electronic “time stamp” showing that they were last edited before the deadline. Please include your name(s) on all written assignments.

Class Attendance (10%) and Participation (10%)

Your attendance is required at every class and you should participate actively in class discussions. I will solicit widespread participation to ensure that everyone gets an opportunity to speak and will try to call more frequently on those who have not been frequent contributors to prior class discussions. Positive contributions include:

- Insightful analysis supported by appropriate logic and evidence.
- Perceptive questioning.
- “Process comments” offering insights into the class’s pattern of reasoning.

Contributions that do not benefit the class discussion include:

- Simply reiterating or regurgitating case facts, without analysis or insight.
- Comments that are off-the-point or indicate inadequate preparation.
- Personal attacks, or comments that are disrespectful, insulting, or unprofessional.

I understand that an absence may be necessary in exceptional circumstances (e.g., sickness, job interviews, family emergency). To give you a chance to make up the missed day’s attendance/participation, I ask you to submit a 500-word memo applying the concepts from the readings or the lecture notes (posted online) to a company or industry of your choice. For that purpose, it is useful – but not required – to draw on a recent newspaper article, e.g., in the *Wall Street Journal*. Please email me your memo (including a link to any articles you used) before the next session. It is your responsibility to keep track of your attendance and submit the memo by this deadline; I will not remind you of missing memos.

Institute approved absences will be accepted but you should still submit a make-up memo (see <http://www.registrar.gatech.edu/students/formlanding/iaabsences.php>).

As part of your class attendance, please prepare a brief statement (roughly 1 page) that includes:

1. Your business experience: Firm, industry, and your particular responsibilities. You may also simply copy & paste your current résumé.
2. Source of interest in entrepreneurship: For example, briefly describe the idea you may have for a startup, or even the industry or market that you hope to serve. Or, indicate if you are interested in related areas such as venture capital, M&A, or business development. Overall, what are you hoping to take away from this course?

Please submit this statement by our second session (Aug 29).

Team Case Analyses

Out of 10 possible cases (sessions 2-11), your team should submit 4 case analyses (5% each, approx. 1500 words, plus appendices/exhibits). You *cannot* submit additional cases for extra credit. Questions for each case will be posted on T-square. Please answer questions separately but make sure all answers are consistent in terms of both content and style. One team member should submit your analysis through T-square by 5 pm the day on which the case is due, but all members should be listed on the write-up. Please submit your write-up in MS word format (not pdf).

Some recommendations that will help in writing a good case analysis:

- Read all readings before doing the case analysis.
- Draw on concepts and frameworks from the readings (and/or your core strategy course) to structure the analysis and identify key issues.
- Clearly identify and explain the underlying economic mechanisms (e.g., the WHY behind observed problems or proposed solutions).
- When making recommendations, consider both pros and cons of the alternatives, and recognize key uncertainties or assumptions that you need to make.

Even if your team chooses not to work on a particular case, you are responsible for reading the case and working through the assignment questions. I recommend that you outline your answers to structure your thinking and to be optimally prepared to participate in the class discussion.

Exam

During Session 12, we will have an 80-minutes closed book in-class exam. This exam will cover key concepts and frameworks covered up to this point (i.e., sessions 1-11) and may include multiple choice as well as short-answer questions. The purpose of the exam is to assess your knowledge of important concepts and frameworks as well as your understanding of key insights from our case discussions (i.e., major insights/issues in a case but not minor details).

Final Team Project

As a final project, your team will write (1) an original short teaching case (approx. 5000 words, 67% of score) and (2) an accompanying model case analysis (approx. 1500 words, 33% of score). The purpose of this project is to confront you – the case writers – with the task of identifying challenges that often arise in the new venture context and determining what kinds of data/information are required to evaluate strategic options. The project will also sharpen your skills in making and justifying strategic decisions.

- Your project should focus on a problem faced by a (potential) entrepreneur or a new venture, including in the early life of companies that are now established. You may also choose a problem related to corporate entrepreneurship (see session 7). However, topics related to “big firm” strategy or functional challenges incumbents face are not appropriate for this project.
- Just like the cases you read in class, the *teaching case* should allow readers (e.g., prospective students) to address specific strategic questions faced by an entrepreneur / manager. The key to a good case is that, while facts are provided as a basis for analysis, the case itself should not “give away” the analysis. The case should provide the basis for applying concepts from the course.
 - Your team should start early in the semester to discuss possible cases and to collect data and information. You may find inspiration in the business press, in blogs, etc. The case may also focus on a firm you are working for or a business idea that you are considering.
 - By Oct 17, you should submit a one-page description of the subject of your case, including a preliminary list of sources/references. This proposal should allow me to judge the feasibility of your project to make sure you are on track.
 - All the information that is required for the case analysis should be introduced in the case itself; no new information should be introduced in the case analysis. All sources of information and data must be clearly stated (typically in footnotes). The word limits stated above do not include exhibits, tables, or figures.
- The *model case analysis* should clearly state the questions that the prospective students should address in their case analysis. In addition, it should include model answers to these questions, focusing on concepts and frameworks covered in our course. As appropriate, the analysis should also include an update (i.e., “what happened?”).
- In our final session, teams will present their projects and have the opportunity to receive feedback from the class. All team members should participate in the presentation.
- One team member should submit all deliverables by Tuesday, Dec 13 at 10 pm using T-Square. Please submit in MS word format (not pdf).
- To grade the final project, I will consider:
 - Content/research: Does your case provide the evidence needed to address the strategic questions posed and to support your recommendations?
 - Decision problem(s): Have you identified an interesting, challenging and well posed decision problem? Does the problem allow students to apply concepts from this course in their analyses?
 - Model analysis: Have you fully addressed the questions that students are supposed to answer using the case material in a rigorous, analytic fashion? Have you made specific, actionable recommendations and laid out the assumptions and logic upon which those recommendations are based?
 - Writing and organization: I will consider the organization of both the case and the analysis, and the quality of the writing throughout. You should also cite all relevant articles and data sources you used (including sources for tables, figures, etc.).

Peer Evaluation

At the end of the semester, team members will assess each other’s contributions to the team effort along a number of dimensions. Please submit your assessment via T-square (“Assignments”) by Dec 13, 11 pm.

Communication, Team Formation, and Confidentiality

T-Square will be our main communication platform. You should familiarize yourself with all relevant functions, in particular, the assignment tool. Make sure you receive emails sent via the T-Square email distribution list.

You should form your own teams, with each team having 3 members. I will allow time during our first class for you to meet and mingle, and teams should be finalized by the end of our second session. Please submit your team requests by Aug 29, 11 pm via T-Square.

I encourage you to contribute to our class discussions by drawing on your own experiences or to discuss entrepreneurial ideas you are considering. However, by participating in this class you acknowledge that all information you share is “open” and that confidentiality cannot be assured.

Accommodations for Students with Disabilities

If you are a student with learning needs that require special accommodation, contact the Office of Disability Services at (404)894-2563 or <http://disabilityservices.gatech.edu/>, as soon as possible, to make an appointment to discuss your special needs and to obtain an accommodations letter. Please also e-mail me as soon as possible in order to set up a time to discuss your learning needs.

COURSE OVERVIEW

Session	Date	Topic	Case
1	Aug 22	Introduction and course overview	Segway (Transportation equipment)
Strategic Perspective on the Entrepreneurial Process			
2	Aug 29	Value creation and the discovery of opportunities	Zipcar (Car rental)
	Sept 5	LABOR DAY	
3	Sept 12	Uncertainty and experimentation	Dropbox (Cloud service)
4	Sept 19	Resource acquisition and strategic factor markets	Ockham (Sales management software)
5	Sept 26	Growth, pacing, and scaling	Joint Juice (Health/Nutrition)
Competition and Strategic Interactions			
6	Oct 3	Entry and entry barriers	Sun (Computer hardware)
	Oct 10	FALL BREAK	
7	Oct 17	Competing against large firms / Corporate entrepreneurship	Pitney Bowes (Mail technology)
8	Oct 24	Competing in markets with network effects	TheLadders (Jobs website)
9	Oct 31	Sustaining competitive advantages over time	Groupon (Marketing)
Open Innovation and Crowd Based Business Models			
10	Nov 7	Markets for ideas and modes of commercialization	Beta golf (Sports equipment)
11	Nov 14	Co-opetition and ecosystems	Chez Panisse (Restaurant)
12	Nov 21	80-minutes exam Crowdfunding	Twine (Internet of things)
13	Nov 28	Crowdsourcing and community-based production	Wikia (Web based knowledge platform)
14	Dec 5	Review and project presentations	

DETAILED COURSE SCHEDULE

I recommend that you read the readings in the order listed in the syllabus.

Session 1, August 22 **Introduction and Course Overview**

Readings

- Syllabus (T-Square, under “Resources”)
- Bhidé: The questions every entrepreneur must answer (E-reserves)
- Mini-Case: Segway: Reinventing the wheel (posted on T-square under “Assignments”)
- Optional background reading: Rothaermel ch. 1

Assignments

- Work through questions for mini-case (posted on T-square under “Assignments”)
- Prepare to introduce yourself to the class, including background relevant to our course

Session 2, August 29 **Value Creation and the Discovery of Opportunities**

Readings

- Sahlmann: Some thoughts on business plans, especially pp. 5-11 on “opportunity” (Harvard)
- Shane: The role of opportunities (E-reserves)
- Case: Zipcar: Refining the business model (Harvard)
- Optional background reading: Rothaermel ch. 5

Assignments

- Submit personal statement by 5 pm today (T-Square, “Assignments”)
- Submit case analysis by 5 pm today (T-Square, “Assignments”)
- Submit team choices by 11 pm today (T-Square, “Assignments”)

September 5 – LABOR DAY

Session 3, September 12 **Uncertainty and Experimentation**

Readings

- Collins & Porras: Try a lot of stuff and keep what works (E-reserves)
- Eisenmann: Hypothesis-driven entrepreneurship: The lean startup (Harvard)
- Case: Dropbox: It just works (Harvard)

Assignments

- Submit case analysis by 5 pm today

Session 4, September 19**Resource Acquisition and Strategic Factor Markets****Readings**

- Grant: Developing resources, p. 152-162 (E-reserves)
- Sahlmann (see session 2): review pp. 4-5 on “People”
- Sauermann: Fire in the belly? sections 1, 2, 4.1 and 4.2 (T-Square, “Resources”)
- Case: Ockham Technologies (Harvard)
- Optional background reading: Rothaermel ch. 4

Assignments

- Submit case analysis by 5 pm today

Session 5, September 26**Growth, Pacing, and Scaling****Readings**

- Eisenmann: Scaling a startup: People and organizational issues (Harvard)
- Interview with Noam Wasserman (T-Square, “Resources”)
- Eisenmann: Scaling a startup: Pacing issues (Harvard)
- Case: Joint Juice (Harvard)

Assignments

- Submit case analysis by 5 pm today

Session 6, October 3**Entry and Entry Barriers****Readings**

- Hisrich: Entrepreneurial entry pages 65-78 (E-reserves)
- Christensen & Raynor: How can we beat our most powerful competitors? (E-reserves)
- Case: Vinod Khosla and Sun Microsystems (Harvard)
- Optional background reading: Rothaermel ch. 3

Assignments

- Submit case analysis by 5 pm today

October 10 – FALL BREAK**Session 7, October 17****Competing against Large Firms****Readings**

- Yoffie & Cusumano: Judo strategy (Harvard)
- Mini-Case: Judo in action (Harvard)
- Garvin & Levesque: Meeting the challenge of corporate entrepreneurship (Harvard)
- Case: Pitney Bowes (Harvard)

Assignments

- Work through questions for mini-case (posted on T-square under “Assignments”)
- Submit case analysis by 5 pm today
- Submit one-page Final Team Project proposal by 5 pm today

Session 8, October 24**Competing in Markets with Network Effects****Readings**

- Shapiro & Varian: Networks and positive feedback (E-reserves)
- Mini-Case: Google (posted on T-square under “Assignments”)
- Eisenmann: Strategies for two-sided markets (Harvard)
- Case: TheLadders (Harvard)
- Optional background reading: Rothaermel ch. 7

Assignments

- Work through questions for mini-case (posted on T-square under “Assignments”)
- Submit case analysis by 5 pm today

Session 9, October 31**Sustaining Competitive Advantages over Time****Readings**

- Barney: Firm resources and sustained competitive advantage (E-reserves)
- Graham: High-tech entrepreneurs and the patent system, pages 1288-1296 (E-reserves)
- Case: Groupon (Harvard)
- Optional background reading: Rothaermel ch. 4

Assignments

- Submit case analysis by 5 pm today

Session 10, November 7**Markets for Ideas and Modes of Commercialization****Readings**

- Chesbrough: Why business models need to be open (E-reserves)
- Gans & Stern: The product market and the market for “ideas” (E-reserves)
- Case: Beta Golf (Harvard)

Assignments

- Submit case analysis by 5 pm today

Session 11, November 14**Co-opetition and Ecosystems****Readings**

- Getting beyond competition: Interview with Adam Brandenburger (Harvard)
- Adner: Match your innovation strategy to your innovation ecosystem (Harvard)
- Adner: Changing the game: Reconfiguring the Ecosystem (E-reserves)
- Case: Chez Panisse (E-reserves)

Assignments

- Submit case analysis by 5 pm today

Session 12, November 21 EXAM and Crowdfunding

80-minutes exam covering material from sessions 1-12

Readings

- Agrawal, Catalini & Goldfarb: Some simple economics of crowdfunding (T-Square, “Resources”)
- Mini-Case: Twine (T-square, “Assignments”)

Assignments

- Review course material as preparation for Exam today
- Work through questions for mini-case (posted on T-square under “Assignments”)

Session 13, November 28 Crowdsourcing and community-based production

Readings

- Boudreau & Lakhani: Using the crowd as an innovation partner (Harvard)
- Chesbrough & Appleyard: Open innovation and strategy (E-reserves)
- Mini-Case: Upwork (T-square, “Assignments”)
- Case: Triumph of the commons: Wikia (Harvard)

Assignments

- Work through questions for mini-case (posted on T-square under “Assignments”)
- Work through questions for main case (posted on T-square under “Assignments”)

Session 14, December 5 Review and Project Presentations

Readings

- None

Assignments

- Review course material
- Prepare to present project proposal (instructions in class)
- Submit Final Team Project by Dec 13, 10 pm
- Submit peer evaluations by Dec 13, 11 pm (T-square, “Assignments”)