

Entrepreneurship Seminar

Huazhong University of Science and Technology
Wuhan, China
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Required Readings

- (1) Text: William D. Bygrave & Andrew Zacharakis (eds.) The Portable MBA in Entrepreneurship, 4th edition (2009), Publisher: John Wiley & Sons, ISBN: 0470481315. (Amazon China) -- [MBA]
- (2) Hand-Outs (Cases & Articles)

Course Description

This is an overview course on the principles of entrepreneurship for graduate students. It is designed to introduce students to issues related to opportunity recognition, planning, organization, and the launch of a new entrepreneurial business. We will examine the attributes of and skills of entrepreneurs, searching for opportunities, evaluating their feasibility, developing business models/strategies, building an entrepreneurial team, and gathering resources to convert opportunities into a business.

Course Objectives

The major learning objectives of the course are:

- (1) Develop an understanding of the nature of entrepreneurship.
- (2) Identify and pursue a business opportunity with a team of motivated peers.
- (3) Develop the wide range of strategic, financial, and human-resource planning skills required in new venture creation.
- (4) Develop strategies to achieve a sustainable competitive advantage for the new venture.
- (5) Sharpen the written and oral skills necessary to effectively communicate new venture opportunities to potential investors through your business ideas/plan.

Course Format

In order to achieve the above learning objectives, instruction is through a combination of case/video discussions, occasional lectures, class exercises, and business concept presentations. Student pre-reading and preparation of the materials (including the assigned cases) is important for achieving the learning goals of this course.

Case Method and Case Preparation

Approximately half the sessions will revolve around the discussion of the cases assigned for that session. Lectures may be given to elaborate on key theoretical models and frameworks or to reinforce crucial concepts. The cases have been selected to demonstrate particular issues, problems, and opportunities relating to entrepreneurial ventures.

Because this course relies heavily on case material, extensive preparation **before class** and participation **in class** are required to ensure the course's success. (1) Preparation for a case discussion should begin with a rapid reading of the assigned case and other materials. (2) Then, it is worthwhile to review the discussion questions provided for clues as to what issues require special attention. (3) The next step is normally to re-read the case carefully, taking notes that sort information, facts, and observations under a number of relevant headings. Try to formulate theories or hypotheses about what is going on as you read ("the company loses money on small orders"), modifying or rejecting them as new information surfaces ("Table 2 shows that shipping costs per unit are higher for small orders, but only for long-distance shipments"). Push yourself to reach definitive conclusions before you come to class. (4) You should perform quantitative analyses, "crunching" whatever numbers are available. It is also very important to provide quantitative support wherever possible, particularly when exploring various hypotheses as to the nature and importance of certain phenomena. (If the requisite data are not available in the case, a precise description of what data is missing often triggers ideas for making creative use of the information that is available.) It is usually worthwhile to identify trends in the firm or industry, preferably with a quantitative measurement. Some of these trends, often very important ones, will not be flagged in the text of the case. (5) Finally, preparation will include notes that can be used to guide your interventions in class discussions. The hallmark of case preparation is written notes. If you have to slip through the pages of a case during class, it is an almost sure indication that you have not done adequate preparation.

Course Evaluation

Course grades will be determined by student's relative performance on the following course components.

Class Preparation & Participation (Individual)	20%
You Be the VC Assignment (group of 2)	25%
Business Concept Paper (individual or group of 2)	30%
Oral Presentation of Business Concept Paper (individual or group of 2)	25%

Class Preparation & Participation

Your overall commitment and attitude toward this course and your daily active verbal participation in case discussions will be closely monitored. **Merely coming to class is not sufficient to earn participation points.** In grading class participation, I will look at both the quantity and quality of your class contributions/interventions. Class participation is obviously a function of preparation, skills, attitude, and a willingness to actively commit yourself in front of your instructor and colleagues. A classroom is a cost-free environment for experimenting and learning to "play the game." Make use of it. **Shyness is no excuse.**

You Be the VC Exercise

Each "You Be the VC" exercise provides an example of a real-life of entrepreneurial firm. Each firm is young and its business concept hasn't been fully proven or developed. If you were a venture capitalist, would you offer this firm funding? Why or why not?

To conduct the analysis, a “You Be the VC Scorecard” has been developed. The scorecard provides a convenient way of providing a quick analysis of the merits of the business idea being discussed, and is based on the company’s pitch and an evaluation of its Web site. Use this framework to analyze the company and make your decision as a VC, whether or not you are going to invest the company. Exercises will be done in class.

In addition to exercise, you or your team is required to submit your written analysis for assigned company at the end of this course.

The Business Concept Paper

Your team (no more than 2 students) or you (if you opt to “start up business on your own”), is required to submit a five-page summary of a new business concept. The paper should include components to answer the following questions.

A. Positioning and Mission Statements

- 1.What is the envisioned product or service and what does it do? (Emphasize benefits to targeted customers.)
- 2.How is your product or service unique and/or innovative? (Compare to competitive and substitute products.)
- 3.How might your product or service contribute to a more sustainable economy, a more sustainable environment or otherwise contribute to society?

B. Detailed Description of Product/Service and Technology

- 4.What is the underlying technology for your envisioned product or service and how does it work? How is this technology or service unique/innovative?
- 5.What is the likely intellectual property (IP) protection for your technology/innovation? Who owns (if applicable) the current IP associated with the technology? If your technology is not patentable, how do you propose to protect your product or service from copycats?
- 6.What is the current stage of your product/service and what is your plan for making your product/service ready for sale? (Provide estimate of funds and/or hours expended to date and estimated funds for next steps.)

C. Industry and Market Analysis

- 7.Who are the first customers targeted for your product or service and what are they like? Did you talk to any prospective customers? What did they say about your product/innovation?
- 8.How much are your potential customers willing to pay for your product/service?
- 9.What is the estimated size (addressable market) of the initial customer group (market segment)?
- 10.Is there a clear window of opportunity for the product or service? What are the competitive products or services currently on the market? Why will prospective customers buy your product or service over rivals?
- 11.What are the barriers or challenges associate with entering your initial market? What is the competitive advantage potential for your product or service? How sustainable is your potential competitive advantage?

Format Requirements

Your paper should be word-processed, **double –spaced** with size 12 font, stapled, with 1” margins, pages numbered sequentially, etc. The cover page must always contain the names and email addresses of the team members. If you are going to use outside research data, a reference list should be included.

Business Concept Presentation

You or your team is required to present your business concept paper at the end of this course. Please present in a professional manner as you would if presenting your venture concept to financial supporters or investors. Each presentation will be 10 minutes, followed by 5 minutes of Q&As.



About Your Professor

Dr. Jun Li is an Associate Professor of Strategic Management and Entrepreneurship in the Management Department at the Peter T. Paul College of Business and Economics of the University of New Hampshire. He is also the MBA Program Director of the Paul College. Dr. Li holds a Ph.D. degree in Strategic Management from Texas A&M University (2004) and master and bachelor's degrees in Economics from Beijing University, P. R. China (1999, 1995). His research focuses on strategic leadership in entrepreneurial ventures; top management team and innovation, new venture strategy, emerging markets, and global strategy. His most recent research examines how different types of top management team experiences affect IPO-stage biotechnology firms' innovation. His work has been published in *Journal of Business Research*, *Journal of Business Venturing*, *Asia Pacific Journal of Management*, *Journal of High- Technology Management Research*, *International Journal of Entrepreneurship*, and others. At Paul College, he teaches Strategic Management, Entrepreneurship, and International Business/International Management at both undergraduate and graduate levels. He is a faculty advisor to the annual UNH Holloway Prize Innovation to Market Competition, and the lead faculty of International Residency of Paul College MBA programs. Dr. Li is a active member of Academy of Management, Strategic Management Society, Academy of International Business, and International Association for Chinese Management Research and an invited reviewer for a number of top journals in these fields. Before joining the academia, Dr. Li worked at China Merchants Bank (Shenzhen, China) and provided consulting services to several major Chinese exporting companies. He lives in Durham, New Hampshire (US) with his wife and two lovely kids, Jessica (6 year old) and Samuel (2 year old). In his leisure time, he enjoys music, movies, cooking, reading, micro-blogging, travel, and family time.

Course Schedule/ Topics / Readings

[Please pre-read assigned readings before THE DAY]

Session 1: The Entrepreneur and The Entrepreneurial Process

May 27 2013 (Monday Morning)

Topics:	Course Introduction Overview of Entrepreneurship What Does It Take to Be an Entrepreneur? The Entrepreneurial Process
Readings:	[MBA] Chapter 1 The Entrepreneurial Process
Exercise:	The "EQ" Test: Should You Be An Entrepreneur?
Video	What Does it Take to Be an Successful Entrepreneur?
Assignments:	Brainstorm on your business idea (individual, or in group of 2).

Session 2: Recognizing and Evaluating Business Opportunities

May 27 2013 (Monday Evening)

Topics:	Idea Generation Idea V.S. Opportunity Business Opportunities: Recognition and Evaluation
Readings:	[MBA] Chapter 2, 3 [CASE] Roxanne Quimby
Case:	Roxanne Quimby Discussion Questions: a. Who can be an entrepreneur? b. What is the difference between an idea and an opportunity? From whom? What can be learned from Exhibits C and D? c. Why has the company succeeded so far? d. What should Roxanne and Burt do, and why?
Exercise:	How Creative Are You? IdeaSpace Exercise From Student to Entrepreneur Evaluating business opportunity
Assignments:	Work on your business concept paper (Part I: questions 1, 2, 3)

Session 3: Designing a Competitive Business Model and Building a Solid Strategic Plan

May 28 2013 (Tuesday Afternoon)

- Topics:** From Product to Business Concept (Value Proposition)
The Business Model
The Business Plan
How to Put Together a Great Business Plan
The Elevator Pitch : The Art of Venture Presentation
- Readings:** [MBA] Chapter 5
Article: William A. Sahlman, How to Write a Great Business Plan?
[CASE] Timbuk2
- Case:** **TimBuk2**
Discussion Questions:
a. Mark's goal was to grow the business. What risks was Mark taking with the decision to discontinue selling products through CompUSA?
b. What advantages does the specialty retail store distribution strategy offer Timbuk2? What risks does this strategy entail?
c. What role does pricing play in creating an image for a product or service? What pricing strategy do you recommend for Timbuk2? Explain.
d. Visit Timbuk2's Web site (<http://www.timbuk2.com>) and examine its product line. Work with a group of your classmates to brainstorm ideas for other products the company might consider offering. Explain the reasoning behind your choices.
e. What recommendations would you make to Mark to monitor his success and direct the company's strategy for the future?
- Exercise:** "You Be the VC"
- Assignment:** Work on your business concept paper (Part II: questions 4, 5, 6)

Session 4: Entrepreneurial Finance (I) - Building Pro-Forma Financial Statements May 28 2013 (Tuesday Evening)

- Topics:** Overview of Startup Finances
The Profit Model, Multiple Revenue Drivers
Developing Financial Projections – Pro-Forma Financial Statements
Break Even, Cash Flow Analysis
- Readings:** [MBA] Chapter 6

Exercises: Building income statements / Balance Sheet
 Where Do We Break Even?
 In Search of The Cash Flow
 Start-Up Expenses - Wish Lists and the Pro Forma Balance Sheet
 All is Not Paradise in Eden's Garden: Part I
 All is Not Paradise in Eden's Garden: Part II

Assignment: Work on your business concept paper (Part II: questions 4, 5, 6)

Session 5: Entrepreneurial Finance (II): Sources of Capital

May 29 2013 (Wednesday Morning)

Topics: Sources of Investment Capital
 Venture Financing
 Valuation and Its Role; IPOs

Readings: [MBA] Chapter 7, 8

Exercises: The VC Method of Valuation
 Dilution of Ownership

Assignment: Work on your business concept paper (Part II: questions 7,8,9,10,11)

Session 6: Building a New Venture Team / Managing the Growing Venture

May 30 2013 (Thursday Afternoon)

Topics: The New Venture Team
 Leadership, Culture, and Hiring Right Employees
 Managerial Succession
 Entrepreneurial Research on Founding Teams

Readings: [MBA] Chapter 13
 [Article] A Note on Managing the Growing Venture
 [Article] Why Entrepreneurs Don't Scale?
 [CASE] FogDog

Case: **FogDog**
 Discussion Questions:
 a. Evaluate the development of composition of Fogdog's board of directors. What is the ideal mix of skills and experiences to be represented on a board of directors at different stages of a company's evolution? Who is/are responsible for ensuring that a company possesses the most effective board possible on an ongoing basis?

- b. Evaluate Tim Harrington's efforts in managing Fogdog's board and private investors, with particular emphasis on those actions taken in the two months prior to the board's decision to sell the company. What, if anything, could Tim and his management team have done prior to the October 8th board meeting to increase the chances of Fogdog's survival as an independent company? Comment on Tim's view of "better to ask for forgiveness than beg for permission."
- c. As a venture capitalist director of Fogdog, comment on your reactions to what happened to the company. How much was your decision to sell Fogdog influenced by your responsibilities to your constituencies? Be prepared to show the thought process involved in making your final decision that it was best to sell the company. Try to identify and rank the factors that were most important to you.

Assignment: Work on your business concept paper (Part II: questions 7,8,9,10,11)

Session 7: Entrepreneurship in Chinese Context

May 30 2013 (Thursday Afternoon)

Topics: Entrepreneurship in Chinese Context

Readings: [Article] The Seven Disciplines for Venturing in China
[Article] For Tech Startups, the U.S. - Not China - Is the Place to Launch
[Article] I'm From the Future. You Should Go To China
[Case] Alibaba's Jack Ma: Rise of New Chinese Entrepreneur

Case: **Alibaba's Jack Ma: Rise of New Chinese Entrepreneur**
Discussion Questions:
a. How did a former English teacher who had not even been exposed to the internet until the end of the 1990s become iconic among internet multimillionaires?
b. Was there something special about Ma that helped him stand out among an increasingly well educated class of Chinese entrepreneurs?
c. What would Ma need to do to steer the Alibaba group during the tough economic times following the listing of its flagship Alibaba.com?

Assignment: Finalize your business concept paper and prepare for class presentation

Session 8 (Wrap-Up): Business Concept Presentations & The Movie “Startup.Com (2001)”

May 30 2013 (Thursday Evening)

Topics:

Group Presentations on Business Concept Papers

The Movie: Startup.Com (2001) - “Traces the birth and failure of new media company govWorks.com.” (IMDb)

Case:

Movie Startup.Com

Discussion Questions:

- a. Identify the three founders of this startup business and their relative expertise and competencies.
- b. Evaluate and discuss their process of garnering venture capital funds.
- c. As the business declined, identify and briefly discuss three major business issues.
- d. How did they promote the company and what did it cost them?
- e. What was the employee hiring progression? Was this fast? Did they need this many employees?
- f. Did the company execute as well as the competition?
- g. What happened to the company? How many deals did they complete?

ASSIGNMENT FOR LIFE:

THINK ENTREPRENEURIAL!