

COLUMBIA BUSINESS SCHOOL  
**Introduction to Venturing**  
B8713 – 01 and B8713 – 02

**COURSE DESCRIPTION**

Fall 1999

**8713 Section 01**Mondays 10:00 a.m. – 12:50 p.m

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**8713 Section 02**Mondays 1:20 a.m. – 4:10 p.m

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**COURSE DESCRIPTION**

This is an introductory course in entrepreneurship. The purpose of the course is to develop skills in opportunity identification and evaluation, and to develop an understanding of the steps and competencies required to launch a new business. The class uses a combination of lectures, readings, cases, guest speakers, class discussions, and student presentations. Course requirements include an individual venture idea paper and class presentation, weekly one page written assignments on each week's case and readings, a group written feasibility study and class presentation and active in-class participation. The class is appropriate for anyone with a strong interest in new ventures.

Class participation is vital. Plan your commitments so that you do not miss any classes. Also, all students must sign a confidentiality agreement agreeing to hold in confidence all proprietary ideas that they hear about through this class. Ideas are intellectual property. Your ideas remain yours and the ideas of others (including all speakers, instructors and your fellow students) remain theirs.

There is a Reading and Case Book for this course. Some additional readings may be distributed in class. There is no textbook for this course. There is NO Final examination or Mid-term exam for this course.

*Special thanks to Jenifer Renshaw, Larry Sherman and Scott Urban for their help in developing this syllabus.*

Revised 9/10/99

Class	Topic	Method	Readings <i>(italicized are optional)</i>	Case
1 (9/13)	Course/Program Overview Characteristics of the Entrepreneur Sources of Opportunity	lecture	How Entrepreneurs Craft Strategies  Disruptive Technologies	none
	Entrepreneurial Thinking	lecture, speaker: Brett Prager	<i>The Entrepreneur in My Bed</i>  <i>What it Takes to Start a Startup</i>	
2 (9/20)	Opportunity Identification Making the Startup Decision	case	Creativity and Innovation in Organizations  Opportunity Recognition	Beautiful Legs BY POST
	Creativity, Idea Generation, Segmentation, Quick and Dirty Market Research Legal Issues in Startups	lecture	<i>Creativity as Investment</i>  <i>Benchmark: Encourage Wild Ideas</i>  <i>The End of the Great Man</i>	
3 (9/27)	Opportunity Identification Creativity (cont.)	group presentations: "eye pulsing technology"	Note on the Financial Perspective  <i>Idealab</i>	Chemdex.com:  • the entre- preneur  • the market
	Financial Analysis: Break-even, Cash Flow, Profitability	case	<i>The Germinator</i>  <i>Questions Every Entrepreneur Must Answer</i>	
4 (10/4)	The Business Plan	case	Some Thoughts on Business Plans  E & Y Outline for a Business Plan	Chemdex.com:  financial issues
	The Business Plan	lecture, speaker Boaz Shonfeld	<i>Bootstrap finance articles from Inc. Magazine</i>	
5 (10/11)	Networking and Social Capital	lecture	Deal Structure  Note on Attracting Stakeholders	R & R
	Risk Management and the Startup Process	case speaker: Bob Reiss	<i>Creativity: It's in Your Social Network</i>  <i>Mathematicians Prove That it's a Small World</i>	
6 (10/18)	Personal Venture Papers	presentations	none	none

Class	Topic	Method	Readings <i>(italicized are optional)</i>	Case
7 (10/25)	Buying a Business Valuation	case	Finance for Entrepreneurial Companies  How Venture Capital Works  <i>Anything Goes</i>  <i>Money Hunter Mindset</i>  <i>Boom Mindset Deeply Entrenched...</i>	Allen Lane
	Buying a Business Valuation (cont.)	speaker: Art Lukach  speaker: Bob Chalfin		
8 (11/8)	Intellectual Property Legal Forms of Organization	speaker: Robert Meyers  speaker: Ron Hahn	28 Steps to Strategic Alliance  The Legal Forms of Organization  The Legal Protection of Intellectual Property	none
	Strategic Alliances Venture Capital	speaker: Srinandan Kasi	Leaving Your Employer	
9 (11/15)	Business Relationships: Advisors, Partners, HR	case	How Small Companies Should Handle Advisors  <i>The Family Venture</i>	Digital Think
	Family Business	lecture,  speaker: Paul Sanchez		
10 (11/22)	Bankruptcy	case	Bankruptcy: A Debtor's Perspective  <i>A New Rolling Walker...</i>  <i>Failure May Not Be So Bad After All</i>	Tom Fisher (A)  Tom Fisher (B)
	Escalation of Commitment Crisis Management	lecture		
11 (11/29)	Entrepreneurial Careers in Big Companies	speaker: Monica Vila  lecture	How Can Big Companies Keep the Entrepreneurial Spirit Alive?	none
	International Entrepreneurship	international student panel discussion		
12 (12/6)	Final Presentations	presentations	none	none



***readings and cases***

Questions on readings and cases are found on a separate sheet in this syllabus. Answers to questions on **readings** should be on one page (12 point font, double-spaced) and should not exceed one page. Answers to questions on **cases** should appear on a separate page (12 point font, double-spaced) and also should not exceed one page. Do not use a cover sheet, and put your name and section number (e.g. B8713-002) on the top, right-hand corner of the page. Questions to readings and cases (where applicable) are due at the beginning of class for which the readings are listed (with the exception of the first week; questions for readings for the first week are due at the beginning of class in the second week, along with questions for the readings and case for the second week. Please bring an additional copy of your answers to class so you can refer to them during class discussion. Optional readings are italicized in the course syllabus and no questions are assigned to these readings.

***reading and case write-up grading***

- 0 you did not read the readings and/or the case.
  - 1 you've read the readings and/or case, but did not put much thought into answering the questions.
  - 2 you've read the readings and/or case, and answered the questions well.
  - 3 you've read the readings and/or case, and have done an outstanding job by putting extra time into answering the questions thoughtfully and writing a clear, concise paper.
- \* Please note that 2 is a top grade. 3's are given occasionally to recognize outstanding preparation to allow us to upgrade a student if there is a close call on the final course grade.
- \* All papers will be graded and returned to students in their Uris Hall mail folders. Columbia students who do not have a folder in Uris Hall should get one by contacting the Office of Student Affairs, Uris Hall 105, tel. 854-4191.

***special interest readings***

A group of special interest readings on the **"new economy,"** the **Internet,** and **innovation** are collected in a course reader, ten copies of which are on reserve in Watson Library. These readings are not required and no questions will be asked on them.

***personal statement***

Please write a personal statement addressing the following questions: (1) Why did you take this class? (2) What do you want from a career? (3) How do you see an entrepreneurial career differing from a traditional career? (4) What are your personal strengths/weaknesses for an entrepreneurial career? (5) Do you think an entrepreneurial career is for you? An entrepreneurial career is not for everyone. Your personal statement is an opportunity to reflect upon what is important to you, and to examine your assumptions about an entrepreneurial lifestyle. It also helps us get to know you. At the end of the course you will be asked to review your personal statement and to consider whether your attitudes or assumptions have changed. Please save your first statement on your computer so that, at the end of the course, you can add to your original statement, in a contrasting font immediately following each previous answer, your revised thoughts if they have changed as a result of having taken this course. Your personal statements will not be graded. However, they are required. The first one is due at the second week's class (9/20/99) and the revision is due at the final week's class (12/6/99). *Do not* use a cover sheet and make sure your name, course and section number and date are on the top right of each paper. Use 12-pt type or greater.

***resume***

Please bring three (3) copies of your resume to the first or second week's class.

***face card***

Please bring three (3) copies of your face card to the first or second week's class. If you are not a business student, please ask a business school student to show you his/her face card and duplicate the requested information on one sheet of paper, together with a photo.

**Please assemble in three (3) packages as follows (stapled): face card on top, your resume in the middle and your personal statement on the bottom.**

***confidentiality statement***

Please sign the confidentiality statement (enclosed in this syllabus) and bring to the first or second week of class. Keep one copy for yourself.

***name tent cards***

Please print your first name or nickname (how you would like to be addressed) and your last name in large, bold letters on the front and **back** of your tent card and display this in front of you at each class.

***class attendance and participation***

Attendance is taken and will be reflected in the final grade. As well, all students are expected to contribute to discussions. Class participation counts heavily in the final grade. Please do not be late for class.

***international student panel discussion***

Since many of the topics covered will be in the U.S. context, international students or students with international experience will have the opportunity to describe entrepreneurship in their country. These oral presentations are optional and will not be graded, but will count toward overall class participation. Students interested in participating in the international student panel during week 11's class will be given more details on subject areas to be covered.

***course grading***

Initial and revised personal statements: .....	0 points
Ten one-page case and readings write-ups (0-3 points each):.....	30 points
Personal venture paper (including class presentation): .....	20 points
Student feedback (not graded, but required to pass): .....	0 points
Final project proposal (not graded, but required to pass):.....	0 points
Final project feasibility assessment and class presentation:.....	20 points
In-class participation: .....	<u>30 points</u>
TOTAL: .....	100 points

***personal venture papers***

Four (4) copies of the paper are due at week six's class. The paper is a maximum of two pages, 12-point font, with five one-page appendices, combining to a maximum total of seven pages plus a cover sheet. See separate sheet in this syllabus on the Personal Venture Paper.

***final project***

The final project is a feasibility assessment done in groups of 4-5 students. Self-chosen groups will form to further evaluate and develop the most promising ideas from among the best Personal Venture Papers. If you would like to further explore the idea you wrote about in your Personal Venture Paper, your first task, as it might be in the real world, is to recruit, from among your classmates, individuals with the experience, talent and interest to best help you develop and write this final Feasibility Assessment. If you would prefer to join a classmate's project, select the one that most interests you and to which you feel you can make the greatest contribution. See separate sheet in this syllabus on the final project.

***helpful hints***

Please refer to the separate sheet by this title in the syllabus for helpful hints on the personal venture paper and feasibility assessment.

***sample cash flow and break-even analyses***

Please refer to the separate sheets by these titles in the syllabus for simple examples of cash flow and break-even calculations.

**Personal Venture Paper***due*

Four (4) copies are due at week six's class.

*requirements*

The personal venture paper should be a maximum of two pages, use 12-point font, and have five one-page appendices, for a combined maximum of seven pages plus cover sheet.

*issues to address (explicitly)*

- \* Product or service
- \* Competition and competitive insulation
- \* Market
- \* Key risks
- \* Unique business feature and opportunity
- \* Timing

*appendix 1:*

*interviews* Summarize, on one page, what you learned about your venture idea from each of at least five *named* strangers. Provide one short paragraph per interview. A stranger is someone you do *not* know, but have reason to believe has knowledge that will assist you in evaluating your idea. Important interviews with people previously known by you can also be included and can be valuable. But, make sure you complete, and report on, at least five interviews with strangers. These should include potential: customers (including, if applicable, purchase decision makers, distributors, store buyers and **end-users**), suppliers, investors, people in similar businesses, experts, etc.

*appendix 2:**simple break-even*

*analysis* Do not use "Optimizer" in Excel or Lotus, or other automatic programs. Simply list and total your fixed costs and divide the total by the marginal contribution from each sale. An example of an acceptable, but simple, break-even analysis is included in Part I of the case book.

*appendix 3:**cash flow*

Start by listing (1) all potential sources of income, loans and investments, (2) all expenditures, including items that will be capitalized and amortized, and (3) the assumptions used to calculate your financials. Do this monthly, until your cash flow turns positive and then yearly starting in the following year. Leave yourself a cash balance, as a cushion, at the end of each period equal to at least one or two months' expenses. Remember to plug in the source and timing of equity investments and/or borrowings. Again, do not use "Optimizer" in Excel or Lotus, or other automatic programs. An example of an acceptable, but simple, cash flow analysis is included in Part I of the case book.

*appendix 4:**pro-forma P&L*

Indicate which expenditures will be capitalized and make sure you amortize them on your P&L (but not on your cash flow) over their useful lives. In general, your P&L and cash flow should run for five years unless your business plan calls for an earlier or later harvest strategy. Note which of your costs are "fixed" and which are variable. Structure your efforts with as few fixed costs as possible.

*appendix 5:*

*to-do list* Include a list of your organizational, development, production and sales goals and the step-by-step tasks that need to be accomplished to achieve your goals. Describe the theoretical backgrounds and competencies of the full and part-time team members and/or advisors you would need to recruit to ensure the successful completion of these tasks. Examples of necessary tasks, from the mundane to the sophisticated, not necessarily in order, might include: (1) Meeting with actual customers and securing orders; (2) Lining up possible distributors; (3) Lining up manufacturers and/or sources of supply; (4) Identifying and securing key personnel; (5) Finding and renting office space & equipment; (6) Arranging for telephone service; (7) Designing a logo and stationary; (8) Preparing advertising, selecting media, etc.

*balance sheet* Balance sheets are not necessary for this project.

*student feedback* Each of you will make a three-minute maximum presentation of your personal venture idea to the class. No computer projection equipment will be available, only an overhead projector. Your fellow students will provide immediate feedback on your presentation. Evaluation Forms will be handed out in class. When evaluating the presentations, identify yourself and provide each presenter both positive and cautionary suggestions.

**Do not worry about completing each section of the evaluation form.** Answer only the sections that seem most relevant for the presentation. Also, this might be a good time to mention potential personal contacts, if any, that you may have that might be able to help advance your classmate’s project and that you would feel comfortable introducing to the presenter. Give your written feedback directly to each presenter immediately following their presentation.

*grading*

Feasibility.....	0-3 points
Profitability .....	0-3 points
Competitive insulation .....	0-3 points
Risk identification and management .....	0-3 points
Interviews.....	0-4 points
Quality of written presentations (text, financials, etc.) .....	<u>0-4 points</u>

**MAXIMUM: 20 POINTS**

*peer review*

Sometimes we learn as much, or more, from our fellow students than we do from our professors. And often, we learn a great deal by teaching others. To that end, three of the four copies of your paper are to be handed to three fellow students. The fourth is to be handed to your TA. Your TA will record the receipt of your paper and hand it to a Professor to grade. You are to take papers from three of your fellow students and provide them with written constructive criticism and praise as appropriate. Place comments on a separate sheet of paper. Return, by week 7, these papers with your comments to their authors. Also, give a copy of your three critiques to your TA. Thus, you will receive and critique three fellow students’ papers and you will receive the wisdom of three other fellow students on your paper. You can see how this procedure dictates that you bring four (4) copies of your paper to class on time. It would be a logistical nightmare to distribute and keep track of papers if they are not recorded and distributed immediately and simultaneously in class when they are due. Make sure you jot down the names of the students to whom you have given the copies of your paper to make sure they return them to you with their comments.

*due*

Proposal description:	week 9
Class group presentation:	week 12
Feasibility assessment final group paper:	week 12

*what is it?*

The final project is a Feasibility Assessment done in groups of 4-5 students. Self-chosen groups will form to further evaluate and develop the most promising ideas from the Personal Venture Papers. If you would like to further explore the idea you wrote about in your Personal Venture Paper, your first task, as it might be in the real world, is to recruit, from among your classmates, individuals with the experience, talent and interest to best help you develop and write this final Feasibility Assessment. If you would prefer to join a classmate's project, select the one that most interests you and to which you feel you can make the greatest contribution.

*proposal description*

A one-page, 12-pt type or greater, proposal description is due at week 9 and should include a list of the members of the group, the deal between the group members (whose idea is it, who will be the group's leader, who will do what specific tasks), and a paragraph or two outlining the venture idea. Each member of the group must take prime responsibility for at least one aspect of the Feasibility Assessment, for example; the marketing, production, interviewing, writing, etc. The "Group Leader" must be identified and accept responsibility for turning in the Feasibility Assessment on time and then copying and distributing the graded Feasibility Assessment to all the members of the group when it is received back from the professor with his suggestions and evaluation.

*feasibility assessment*

An in-depth analysis of a business opportunity. It is similar to a business plan in scope, however it differs in that its primary purpose is to make a go/no go decision. It is not intended to serve as a sales document to raise money or as an operational plan. The main emphases are on understanding the market (including the customer, the distribution channel(s) and the competition) and developing the product/service offering strategy. All of the criteria for the Personal Venture Paper apply to the Feasibility Assessment. However, the group paper should be much more professional, complete and insightful, fully reflecting the efforts and experiences of everyone in your group. The criteria for grading the Feasibility Assessment are the same as for the Personal Venture Paper but set at a much higher level. **PLEASE INCLUDE THE PROPOSAL DESCRIPTION AND THE GRADED PERSONAL VENTURE PAPER WITH THE FEASIBILITY ASSESSMENT.** ***ALSO: Please include an 8x10 envelope stamped and addressed to the Group Leader or the paper will be returned to the Group Leader's mail folder.*** Again, the Group Leader will be responsible for duplicating the graded paper with the professor's comments and providing a copy to each team member.

*length*

**SHORT!!** No more than 8 pages (12-pt type or greater) of description/analysis/ synthesis, plus appendixes with a maximum of four pages of financials. In the short introductory paragraph (see following page), let us know the following: (1) does your feasibility analysis suggest that you should or should not go ahead with your project; and (2) if your feasibility analysis suggests going ahead with the project, will you do so (if so, when)? Hand in a copy of any slides, overheads or handouts used in the group presentation. The Final Class Presentations will be limited to 8 minutes per group, plus 2 minutes for Q&A for a total of 10 minutes. Limit your slides (especially financial information) to 6 lines of large print per slide so that they can easily be read from the rear of the classroom. Practice in advance and don't allow the group to exceed the 8 minute time limit. The best papers and presentations are succinct and to the point. Please do not run over time. You may use computer projection equipment but bring acetate slides to the classroom so that you are prepared to use the standard overhead projector if, (as has happened many times) the electronic projector does not work.