

# USC Marshall

School of Business

*Lloyd Greif Center for  
Entrepreneurial Studies*

**BAEP 550: Entrepreneurship and Venture Management**  
**Monday 6:30 p.m. to 9:30 p.m.**  
**Section 14408R**  
**JKP 212**

**Fall 2015 SYLLABUS**  
Version 1.0

BAEP 550 is a 1.5 unit entrepreneur course for graduate students. This course will meet seven times during the semester: October 19, 26, November 2, 9, 16, 23 & 30.

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Individual appointments – I am happy to schedule an individual meeting with you. Please speak with me during class or contact me either by mobile phone or email to schedule.

**PURPOSE:**

This course first provides an introduction and overview of the fundamentals of entrepreneurship. Bringing together the disciplines of marketing, finance, product development, and management, it presents an integrative perspective into the process of starting a new business. Whether you already have an idea and are eager to start your own business, or if you are in the discovery phase seeking to find a new idea, or if you simply want to learn more about what an entrepreneurial career would be like, this course exposes you to the challenges of entrepreneurship. We will also introduce you to the entrepreneur's mindset and basic toolkit.

Initially, we will examine what entrepreneurship is all about. Is it a gift or a developed skill? Is it nature or nurture? Can it be taught? Is it applicable only to an individual or can entrepreneurship be a part of a corporate culture? The course traces new venture creation from the first perception of an opportunity to the point of value realization. Along the way, we will look at testing/adapting the business concept, defining a marketing and distribution plan using the feasibility structure. We conclude with determination of resources needs and develop a business plan to attract those

resources – people, partners, and investors. Starting a new business from scratch is not the only way of pursuing an entrepreneurial career.

Understanding the structure of starting and growing a company is an all-encompassing format for understanding an entrepreneurial career. It touches all the relevant issues—but there is more to entrepreneurship than passion, desire, and perseverance. Entrepreneurs have a unique mindset, a way of looking at things that is opportunity-focused and creative. It's about passion – doing what you love. It's about creating value. It's about independence and responsibility. In addition, it's about challenge, risk management, persistence, and the ability to innovate – to improve on the old or invent the new. It is our hope that this course will not only provide you with the entrepreneur's toolkit but will also foster this entrepreneurial mindset within you.

Entrepreneurship is not about a single person and it is not about creating an entity from scratch. Entrepreneurship extends its reach to all forms and type of individuals and companies who seek to create value—regardless of whether it is a life style business or an international conglomerate.

I am excited about the journey we are about to undertake together.

### **Reasons to embrace this entrepreneurship course:**

**How do you know if an idea is any good?** In the normal course of business, thousands of new ideas will surface. Which of these are good and which are not? This course provides a structure for considering, defining and evaluating ideas—the feasibility analysis. Students will learn how to go from an idea to a concept and then test that concept against the market place, distribution channels and the benefits offered. The final feasibility filter is the funding needed to launch the company or product.

**Entrepreneurship is integrative.** The disciplines of marketing, finance, product development and management are all brought together in exploring and starting a company. An entrepreneur must know how these disciplines interact. In today's highly competitive world having only one skill set is limiting.

**The company of the future is entrepreneurial.** To be competitive, companies are moving away from the slow bureaucratic structures of a hierarchical system. In their place, they are assembling a flat, mobile world of the entrepreneurial teams. Knowing the structure and processes of entrepreneurial companies equips you for the future.

**The entrepreneurship theme is not limited to students who have an idea and wish to start a business immediately upon graduation.** This is a course for the rest of your life. Most successful graduates spend the first several years learning an industry and gaining general experience. When an opportunity arises, they have the toolset to see, define, test, and then exploit the idea.

### **Entrepreneurship course goals:**

The course provides an introductory **overview of the knowledge and skills needed for entrepreneurial activity** in variety of circumstances and environments. We focus on developing a proactive and effectual way for individuals to determine and pursue their goals. We train individuals to seek innovation rather than optimization. The course is integrative and multi-disciplinary.

We will **investigate the characteristics, knowledge, skills, and abilities of entrepreneurs**. The course emphasizes the ways that entrepreneurs think about their situations, and how their mindset affects their ability to find opportunities. Entrepreneurs are optimistic, so students explore how optimism can be learned and applied.

We will **examine how entrepreneurs undertake the tasks necessary for developing entrepreneurial ventures**. We explore how entrepreneurs find, screen, and evaluate ideas and new business opportunities. The process of determining the feasibility of an entrepreneurial venture is emphasized.

**A central theme explores the entrepreneurs' toolkit.** Some sessions will study techniques for identifying customers, determining their needs, estimating future sales, and offering insights into entrepreneurial marketing strategies and tactics.

**We will explore techniques for analyzing the financial requirements of various venture opportunities.** Formal and informal sources of capital will be discussed. We will examine how financing deals are negotiated and structured, including the task of determining a valuation for a new venture.

We will cover **entrepreneurial alternatives** to independent business creation, ways that entrepreneurs manage emerging firms, and strategies for creating personal value by "harvesting" the venture.

**Corporate entrepreneurship**-for those students who do not wish to launch their own business, we will explore the tools of innovation used by corporate entities to achieve and sustain a true competitive advantage in today's global business environment.

Entrepreneurship theme readings are in the Reading List included with this syllabus.

## **YOUR PERSONAL COURSE GOALS:**

Upon completion of this course, students will:

1. Identify the differences between an idea, a concept, a feasibility analysis and a business/execution plan.
2. Differentiate between types of business models and how they evolve to meet the realities of the marketplace and the needs of the customer.
3. Acquire knowledge from seasoned entrepreneurs and what actions they took to launch or acquire their venture.
4. Develop an understanding of the new venture creation process and the life cycle of a new venture from idea development and launch through growth to exit.

In addition, you will develop:

1. Analytical skills: thinking, problem solving, and decision-making:
  - Analyze and critically evaluate alternative courses of action
  - Find and use resources to answer your questions

- Learn to formulate the right questions, rather than seeking answers
  - Not be resource bound in launching a new venture
  - Form conclusions and recommendations supported by logic and evidence
2. Oral and written communication skills including your ability to:
    - Deliver oral presentations to a large audience
    - Ask insightful questions and present viewpoints in discussions
    - Write well-structured, clear, and concise documents
  3. Skills in managing work load:
    - Improve your ability to plan and structure tasks
    - Learn manage your time to focus on outcomes
    - Work effectively to lead or as part of a team

To achieve these objectives, a combination of methods will be used in the course, including lectures, case studies, individual and team projects, student presentations and guest lectures.

EXCEPT FOR THE ENTREPRENEUR INTERVIEW, LATE WORK WILL LOSE 10% of the POINTS for **each week** it is late. Please submit all assignments to Blackboard prior to class.

**ENTREPRENEUR INTERVIEW LATE PENALTY.** A different and separate penalty schedule applies to the Entrepreneur Interview as follows: **THE ENTREPRENEUR INTERVIEW uploaded to Blackboard is due by 6:30 p.m. on November 30<sup>th</sup>.** A 5% penalty of your grade will be deducted for interview papers submitted after 6:30 p.m. on the day the interview paper is due. **An additional 5% daily penalty will apply for each day thereafter until your interview paper is uploaded to Blackboard.**

#### **GUESTS:**

From time to time we will have guests. You are expected to greet them at the beginning of class. They will be prompt. We never wish to have late arrivals but especially so when we have guests. Please also check with us about availability for office hours just before our speakers' dates.

#### **ACADEMIC STANDARDS AND DISABILITY ACCOMODATIONS:**

The University community consisting of faculty, students and administration is dedicated to high ethical standards. Every person at USC has an inherent responsibility to uphold the principles of academic integrity. Students are expected to understand the Academic Integrity guidelines in *SCampus*.

*Any student requesting academic accommodations based on a physical, psychological or learning disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to us as early in the semester as possible (by the second week of the semester). DSP is located in STU 301 and is open from 8:30 AM to 5 PM, Monday through Friday. The telephone number for DSP is (213) 740-0776.*

## COURSE READER:

Great news! You can purchase your **Fall** Course Reader for **BAEP 550** online at <http://www.ucpdocstore.com/coursebooks/students.php>, using our new online product, called EZ Book! This is also available at the USC Trojan Bookstore as a traditional print course reader.

You will be able to purchase the reader and opt to have it shipped to you or have it on hold for you at the bookstore. You will also have immediate access to download the first few readings of the course reader that will be viewable for 5 months.

To purchase your course reader, please follow the instructions below:

1. Visit <http://www.ucpdocstore.com/coursebooks/students.php>
2. Click on "Place an order"
3. Click "Continue" to sign up as a new customer
4. Fill out your contact information in the required fields
5. Once on the main page, select "Fall 2015" for the term; select "BAEP" from the "AREAS" section
6. Locate BAEP 550 and click "Buy Now!"
7. Click "Add to Cart"
8. Verify your contents and click "Checkout"
9. Choose your preferred method: Home Delivery, Express Saver, 2 Day Air, or Pickup, in which we will hold it for you at the bookstore and notify you when it's ready to be picked up.
10. Fill in your credit card information; if your billing address is different from your mailing address, click on "Change Address"; click on "Continue"
11. To view your purchase, click on "My Account"
12. To start downloading your content, click on the corresponding red Adobe icons, where you will be able to download, view, save, and print your material.

Please be sure you are permanently enrolled in the class before purchasing. There are **NO REFUNDS** on course readers. If you need further assistance or have any questions, please contact us at 800.934-9313 or [reader@bookstore.usc.edu](mailto:reader@bookstore.usc.edu). Our regular business hours are M-F, 8am-5pm.

## **PARTICIPATION AND CLASS ASSIGNMENTS:**

**CLASS ATTENDANCE:** The entrepreneur program is a real life experience and as such expects real world professionals. The motto is *"treat each other as you would a customer."* Therefore, tardiness and absences without notice are not acceptable. If you have a customer meeting, you will be on time. If you cannot be on time, you will call well in advance. Similar etiquette is required in this program.

## **MBA PROGRAM POLICY GOVERNING NON-MARSHALL EVENTS THAT CONFLICT WITH CLASSES AND REQUIRED ACADEMIC ACTIVITIES:**

Attendance at all classes and required MBA Program and Career Resource Center activities is expected of every Marshall MBA student. However, there are times during the academic year when external (non-Marshall) events and activities conflict with regularly scheduled classes and academic requirements.

The MBA Program Office and the CRC use their influence to minimize (if not eliminate) these conflicts, especially those that attract a substantial number of students. Despite the efforts of the Program Office and CRC, there are times throughout the year when the scheduling of the external events is beyond the influence of the Program Office and CRC and it is not possible to avoid a conflict.

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## **MANAGING CONFLICTS**

The Program Office and CRC will identify, as far in advance as possible and to the best of their ability, the dates of external events and activities that draw a significant number of students. The Program Office will work with the departments and individual faculty to make adjustments to the academic calendar in ways that minimize or eliminate any conflict between these activities and normally scheduled academic requirements.

## **WHEN CONFLICTS OCCUR**

When a conflict or overlap between an external activity and academic requirements cannot be avoided, the following steps will be taken to address the issue:

The Program Office and CRC will generate a list of students who have expressed an interest in the event and who have met the requirements and standards for participation. The Program Office will vet students for appropriate and successful degree progress, academic probation, professional behavior and conduct. The CRC will review students for successful completion of career services programs and training specific to the event and use of the CRC, appropriate behavior with respect to employers and for overall professional behavior and conduct.

The Program Office and CRC will notify the faculty of the conflict. This notification will be sent as far in advance of the conflict as possible and will include: a description of the event and a justification for student participation; the number of students who have been approved to attend the event or activity who will miss the class; and, a deadline for faculty response.

Faculty will decide whether or not the students may miss the academic requirement or class and communicate their decision to the Program Office or CRC (not the students) by the established deadline.

The Program Office and CRC will notify the students of their eligibility to participate in the event and generate for each faculty member affected by the event or activity, a list of students who have been approved to participate.

**Please note:** *staff will not seek to over-ride the decision of the faculty. Students will be notified about their ability to participate in the event by the Program Office and the CRC only after a decision by the faculty has been made.*

If students are released from the class or activity, the students will be held responsible for the content and deliverables missed as a result of their participation in an event outside of class.

If students are not released from the class or activity, the Program Office and CRC will notify the students that they are not approved for the event and that their absence from class may negatively impact their grade and/or performance in the class or activity.

### **READINGS and CASE STUDIES:**

Readings and Case Studies are contained in a course reader available at the bookstore. Readings are an important part of the learning process. Our knowledge and our perceptions come in a variety of ways. Certain beliefs are from our environment. Perceptions are what we learn by personal observation and experience. A final portion of our understanding is learned through the experiences of others. Reading academic articles is a way to share in the research done by others. Several readings are included to offer background on certain entrepreneurial phenomena and as the basis for classroom discussion.

## CLASS GRADING

<b>Class</b>	Class participation	100*
<b>Written Assignments</b>	<i>In-class</i> concept development/customer segment grid workshop and presentation	200
	Case write-up - <i>Restaurants on the Run: A Founder's Journey</i>	200
	Entrepreneur Interview	400
<b>Presentations</b>	5-minute presentation on an E topic of your choosing	50
	Entrepreneur interview (November 30)	50
<b>Total Points</b>		<b><u>1,000</u></b>

### **Class participation\***

**100 points** – student is highly engaged in class on a weekly basis contributing insightful questions and thoughts.

**50 points** – student is moderately engaged in class on a periodic basis and occasionally contributes insightful questions and thoughts.

**25 points** – student is somewhat engaged in class contributing obvious questions and thoughts.

**0 points** – student does not contribute in class.





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**UNIVERSITY OF SOUTHERN CALIFORNIA  
MARSHALL SCHOOL OF BUSINESS**

**The Lloyd Greif Center for Entrepreneurial Studies**

**CONFIDENTIALITY POLICY**

Throughout The Entrepreneur Program's classes and events, students will be exposed to proprietary information from other students, guest lecturers and faculty. It is the policy of The Entrepreneur Program that all such information is to be treated as confidential.

By enrolling in and taking part in The Entrepreneur Program's classes and activities, students agree not to disclose this information to any third parties without specific written permission from students, guest lecturers or faculty, as applicable. Students further agree not to utilize any such proprietary information for their own personal commercial advantage or for the commercial advantage of any third party.

In addition, students agree that any legal or consulting advice provided without direct fee and in an academic setting will not be relied upon without the enlisted opinion of an outside attorney or consultant, without affiliation to The Program.

Any breach of this policy may subject a student to academic integrity proceedings as described in the University of Southern California University Governance Policies and Procedures as outlined in *SCampus*, and to the remedies that may be available at law.

The Entrepreneur Program, the Marshall School of Business and the University of Southern California disclaim any responsibility for the protection of intellectual property of students, guest lecturers or faculty who are involved in The Entrepreneur Program classes or events.

Receipt of this policy and registration in our classes is evidence that you understand this policy and will abide by it.

## Course Deliverables

**Due: October 26**

### **Part 1: In-class concept statement assignment (100 points)**

This in-class project is conducted in teams of 2 of your choosing. The assignment consists of two parts: (1) evaluation of the team members' individual ideas ("opportunity recognition") and the selection of the best concept to work on further; and (2) for the selected concept, the development of the key elements of a business model (see below). At this stage, you will tell us "what you think" rather than "what you know."

### **Content and grading of the in-class assignment**

Please organize your paper as follows:

- Systematically (but concisely) discuss each team member's opportunity based upon your team's criteria. Briefly explain your criteria. Select one opportunity that you believe has the highest potential and explain why this opportunity was selected.
- Craft an initial business concept statement for the selected opportunity setting forth the following elements:
  - Product/service
  - Target customer
  - Distribution channel (how you will reach your customer)
  - Customer benefits
  - Revenue model

The ideal concept statement is written as a single paragraph with each element above given one sentence.

### **Written deliverable:**

- A single team document not to exceed two (2) pages
- A cover page listing the names of all team members (cover not included in the page limit)
- As the document is crafted in class, please email a copy Professor Mednick at [steven.mednick@marshall.usc.edu](mailto:steven.mednick@marshall.usc.edu) prior to 9:30 pm.

### **Part II: In-class customer grid assignment (100 points)**

Your group submitted its initial concept statement. Your concept statement included your initial thoughts about product/service, target customer, distribution channel, customer benefits and revenue model. Now, your group will dig deeper exploring possible alternative customer markets, customers in each market segment, the distribution channels necessary to reach the customers in each market, the likely benefits driving the customer "buy decision" and the likely competition in each customer market. For this assignment, your team will present in a single matrix what it "thinks" versus what it "knows."

### **Working Customer Grid**

Prepare a concept grid listing all of the alternative customers you are considering, the means by which you will reach each of your potential customers and the benefits you will transfer to them. In the fourth column list your primary competitor(s).

### **Written deliverable:**

- A single team document comprised of a single matrix
  - A cover page listing the names of all team members (cover not included in the page limit)
  - As the document is crafted in class, please email a copy to Professor Mednick at [steven.mednick@marshall.usc.edu](mailto:steven.mednick@marshall.usc.edu) prior to 9:30 pm.
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**Due: November 2**

### **Case write-up – *Restaurants on the Run: A Founder's Journey* (200 points)**

As part of our study of entrepreneurship and entrepreneurial leadership, you will be given a case study to read. You should prepare a **not to exceed four-page paper** by answering the following questions:

1. What characterizes an entrepreneur?
2. When characterizes a CEO?
3. When should the transition occur from entrepreneur to CEO?
4. Was Rowland Day out of line in saying to Michael, "If we were a publically traded company, we would fire you."
5. What can an entrepreneur do for her/himself to prepare to become a CEO of her/his venture?

We will seek three volunteers to lead the class in discussion of the case.

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**Due: November 30**

### **Interview of an entrepreneur (400 points)**

Entrepreneurship is network dependent. Without a network, you will not be able to function. How do you build a network? How do you attract a mentor? For those with "certain" personalities, this comes easy. For others, it may not.

Choosing someone to interview is usually not difficult. However, getting to see them maybe quite difficult. Moving past the gatekeeper could be a challenge-but you are capable. Start the contact process by thinking not what this person can do for you but rather what benefit you may bring to them. You are a successful executive by the very fact that you are in the USC MBA Program. Through your investment of time and resources in this program over the past few months, coupled with your real life business experience and training, you bring to the table a wealth of good ideas and challenging questions. Sharing them is your contribution to the network.

Conduct an **in-person** interview with an **entrepreneur/corporate entrepreneur with whom you do not know**. It is preferred that you do not choose a small, lifestyle venture and business owner for this project. It is recommended that you **choose someone in the industry in which you're interested**.

Try to have a rich open discussion with the interviewee to gain insight into entrepreneurship. Address at a minimum: the individual's persona; how the opportunity was recognized and assessed; what struggles were encountered along the way and how they were resolved; and where did the entrepreneur turn for help and guidance.

**Your written paper should not exceed 5 pages.** It should NOT contain a verbatim transcript of the interview. Use headings. If appropriate, use literature citations to enhance your interview analysis. A sample paper is provided to you for guidance.

**All students are required to present their interviews in class during our final class November 30 (50 presentation points).**

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## **BAEP 550 – ENTREPRENEURSHIP AND VENTURE MANAGEMENT**

### **Week 1: October 19 – Introduction/Course Overview/Entrepreneurial Mindset/Opportunity Recognition/Concept Development**

#### **Class discussion:**

In the first part of this session, we layout the entire course, including course content, expectations, assignments and deliverables.

We then discuss the mindset of the entrepreneur. What is fact and what is myth? Are entrepreneurs different? If so, how and why? How are these differences manifested?

To understand creation, innovation, and the journeys of entrepreneurs, you must first examine the general myths that surround them and then accept those characteristics and skill sets that set them apart.

#### **Opportunity recognition**

How do entrepreneurs discover opportunities? How does creativity and innovation occur? Not being able to find the right idea is the number one reason cited by those who wish to start a new business but don't. Is opportunity recognition just luck? Chance? Scholars of entrepreneurship argue it is not. Research on the subject suggests it is the result of information and action.

## Concept development

We will also explore concept development. Concept development is the process by which loosely defined ideas and opportunities are given a structure that is used to define and test their worthiness.

Not being able to articulate their venture causes many start-ups to end before they begin. Our time in class will explore the structure and will lead to understanding the steps most common in a start-up.

### Primary readings:

#### What makes entrepreneurs entrepreneurial?

Saras Sarasvathy

The article seeks to answer the question – is there such a thing as entrepreneurial thinking? If there is, is it applicable only to entrepreneurs? How is it different from the thinking process of managers? The conclusion is effectual vs. causal reasoning, but can it be learned?

### Secondary readings:

Elizabeth Bernstein, *Why Introverts Make Great Entrepreneurs*, The Wall Street Journal, August 24, 2015

Piero Formica, *The Two Essential Entrepreneurial Types*, Harvard Business Review, August 5, 2015

Nicole Torres, *What Angel Investors Value Most When Choosing What to Fund*, Harvard Business Review, August 6, 2015

**Student presentations:** Why are you taking this course?

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## Week 2: October 26 – Concept Statement Development/Customer Segment Grid Workshop and Presentation

**E Topic Presentations:** Up to 3 students

### In class exercise:

In this class session, students will be paired in teams of two to brainstorm ideas that lead to the development of a business concept statement and working customer segment. Before the end of the class session, the teams will submit their two assignments and present their thoughts.

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## Week 3: November 2 – Transitioning From Entrepreneur to Entrepreneurial CEO

**E Topic Presentations:** Up to 3 students

**Guest:** Michael Caito, Co-founder and CEO, Restaurants on the Run

### Class discussion:

Three student volunteers will lead a discussion of our case – *Restaurants on the Run: A Founder's Journey* – followed by a class discussion with Michael Caito.

**Readings:** *Restaurants on the Run: A Founder's Journey*

**Assignment due:** case write-up

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#### **Week 4: November 9 – An Entrepreneurial Journey/Feasibility Analysis/Business Plan**

**E Topic Presentations:** Up to 3 students

**Guest:** Frank Yang, Founder and CEO, simplehuman, LLC

**Class discussion:**

Introduction to Feasibility Analysis

Business Plan; Business Plan vs. Feasibility Analysis

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#### **Week 5: November 16 – Can an Entrepreneur Find Happiness in a Large, Complex Firm/Corporate Entrepreneurship?**

**E Topic Presentations:** Up to 3 students

**Guest:** Scott Porter, Partner, Advisory Services, Ernst & Young, LLP, *Starting a new venture may not be "right" for me. So, what about joining a large, complex entrepreneurial firm?*

**Class discussion:**

Corporate Entrepreneurship

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#### **Week 6: November 23 – Entrepreneurial Entry Strategy: Acquiring a Business Opportunity/New Venture Financial Landscape**

**E Topic Presentations:** Up to 3 students

**Guest:** Doug Pearson, Former CEO, California Creative Foods, Inc., *Entrepreneurial entry strategy – Acquiring a Business Opportunity.*

**Presentation:** New Venture Financial Landscape

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## **Week 7: November 30 – Entrepreneur Interviews & course wrap-up**

**E Topic Presentations:** Up to 3 students

**Assignment due:** Entrepreneur interview paper

**Student presentations:** Entrepreneur interview