



## FOUNDER'S DILEMMAS ANTICIPATE AND AVOID STARTUP PITFALLS Spring 2024

Section 1: T,Th 12:30pm  
Section 2: T, Th 2:00pm  
Section 3: Th 6:30-9:20pm

**Instructors:** *R. Daniel Wadhvani; Glenn Fox; Hovig Tchalian*  
**Offices:** *Fertitta Hall (Greif Center for Entrepreneurial Studies)*  
**Office Hours:** *See Blackboard*  
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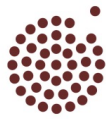
### COURSE DESCRIPTION

Within high-potential ventures, the biggest source of failure is “**people problems**”: the tensions among the founders, or between the founders and the non-founders who join them. In this course, we will examine critical dilemmas that span the lifecycle of a venture, regarding the choice of cofounders and hires, splitting the roles and equity within the team, whether and how to involve investors, why and how founders are replaced, and exit dilemmas. For an overview see Exhibit 1 in the back of the syllabus.

With each decision, we will delve into the potential pitfalls that exist and the ways to anticipate and avoid those pitfalls. Through experiential exercises and role plays, we will develop your skills at dealing with a variety of difficult conversations and negotiations that you might face within your startups. From the discussion of case studies that focus on the founders of high-potential startups, we will develop frameworks to guide your decision making.

Most classes have some experiential component – including experiential exercises, negotiations, or case studies in which you have to role play as the case protagonist – but we will also discussions, video clips, and guest appearances from case protagonists and industry experts. To provide greater context and understanding of these founding dilemmas, we will tap statistics gleaned from a dataset of 15,000 founders.

*Preparation for class:* You are expected to **fully prepare** our material and to **participate** in exercises and class discussions. The course consists of online live classes and exercises as well as selected asynchronous class sessions, which you complete on your own time before the indicated deadline. All asynchronous sessions require submission of a deliverable. Each week, there will be one pre-class poll to complete. The pre-class polls will allow students to engage with the upcoming case study and share their individual analysis before the class discussion.



## COURSE OBJECTIVES

This course is for students who plan to become involved in new ventures. This involvement can occur in any of the following ways:

1. As founders of a new venture, now or at mid-career
2. As early hires, early advisors, or board members in new ventures
3. As potential investors (e.g., venture capitalists), customers, partners, or acquirers of new ventures

The course is designed to help these potential founders, hires, and investors prepare for the decisions they will face both before and during their involvement with new ventures.

Upon successful completion of this course, you should be able to:

1. Anticipate which early people decisions can cause problems for founders and their startups.
2. Describe the tradeoffs of involving cofounders, hires, investors, and board members in their startups.
3. Articulate the potential hidden biases and inclinations within themselves (and their collaborators) that might cause problems for building their startups.
4. Analyze the factors that heighten the chances that their founding teams will splinter or that they will lose their positions as CEOs of their startups.
5. Assess their own motivations for becoming involved in startups and understand how those should affect their founding decisions throughout the lifecycle of the startup.

## COURSE MATERIALS

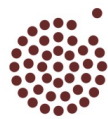
Required materials include the following:

- **Cases and exercises:** You will be able to acquire the required cases at a discount from the Harvard Business School site. Please use the link posted on Blackboard.
- **Post-class readings** are assigned after classes and will help you deepen and enrich the insights you gained in that class. Please try to incorporate these readings, if relevant, into your final exam.

If you have any questions or need assistance with the Blackboard Course Pages, please contact the Marshall HelpDesk at 213-740-3000 or [HelpDesk@marshall.usc.edu](mailto:HelpDesk@marshall.usc.edu).

## MEETING TIMES

We would love to meet with you to discuss anything you want, whether it's your own founding dilemmas, career decisions, or questions about things we've covered in class. To save you from



wasting time lining up during drop-in office hours, **please grab a pre-set slot** on our office-hours schedule. The link to the meeting sign-up site is on Blackboard. Each month, we set aside a weekly block of slots, and then add slots whenever those fill up. **If none of the remaining slots work for you or they are all full**, please just let us know and we'll arrange something ourselves. Looking forward to chatting!

## GRADING

### Summary of Grading Elements

	% of Overall Grade
1. Class Participation	20%
2. Polls & Assignments	25%
3. Post-Module Reflections	20%
4. Case Final Exam	35%
<b>Total</b>	<b>100%</b>

#### *1. Class Participation*

**Class participation plays a substantial role in this course.** The importance of participation in the grading process reflects the fact that the course's core material is highly experiential and case-based, involving substantive discussion, rigorous analysis, and deep engagement with the material. You will experience the founding journey by putting yourself in the shoes of our case protagonists, making decisions in their place, and conducting the difficult conversations that are critical to succeeding as an entrepreneur. You will also undertake a number of exercises for skill development and application of concepts. Collectively, these require your attendance; without attendance, you cannot participate or learn the required content. Entrepreneurship is inherently collaborative – a social process. Entrepreneurs find opportunities, adapt, change, and improve themselves by listening and learning from others, and this course enables you to improve in these areas.

**We will cold call on a regular basis** to involve multiple perspectives and points of view, to encourage your skill development, and to ensure deep enough engagement with our material that you will be prepared to make these decisions yourself in real life. Participation grading will be based on your in-class contributions to our learning. In general, the best class participation will be when you are **highly engaged** in and **well-prepared** for each session; you **contribute new, important, and relevant insights** on a regular basis; and you **draw from relevant personal experience**. If you are unable to participate for any reason, **please make sure to consult your instructor early in the semester.**

#### *2. Polls*

For almost all case discussions and exercises, you will complete polls about what decisions the protagonists should make, your biggest reflections on the cases or exercises, and other items. A



link to each of the polls can be found on Blackboard. Polls will be evaluated based on your consistency in completion and the quality of your submission. **Polls are due by 10pm the night before class.** This deadline allows us to use the polls in the case discussions. It is an essential part of the instructional design of the course. That is why the deadline is the night before class. Since students will add and drop the course during the first couple of weeks, we will be a bit flexible during Module 1. After that the deadline will be strictly enforced.

### *3. Post-Module Reflections*

Students will complete short reflections at the end of each of the course's four modules. These assignments are designed to help you synthesize the material for each module and to reflect on its significance for you and your ambitions. Information on each short assignment will be posted on Blackboard. Each module's assignment will be due in the final week of the module.

### *4. Final Exam: Case Study*

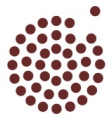
For the course's final, you will be given a case study and will be asked to apply what you have learned in order to analyze what has happened so far in the case and what the protagonists should do at the end of the case. The case will be relatively all-encompassing, touching on issues from across our core modules and enabling you to demonstrate your mastery of our material throughout the semester.

**If you have done your preparation for each day of class,** it should be easy for you to prepare for the final; if you have not prepared adequately throughout the semester, it will be hard to conquer enough of our material to do well on the case final.

### **Evaluation of Your Work**

To achieve an A in this class, you will need to go well beyond the minimum requirements as stated in the syllabus in terms of the quality of your work and your involvement in and contribution to the class. An A is a sign of superior work and, much like the efforts of entrepreneurs, reflects the fact that you stood out from the crowd. If you have any questions about your grade or anything about the class during the semester, please make an appointment to talk to me.

Please be advised that your final exam will be submitted through "TurnItIn" in Blackboard, which will generate an originality report on your paper. Bottom line: Your original thought, in addition to carefully cited sources, will ensure that you don't run into academic integrity issues that may affect your grade or your standing at the university. Any material cited verbatim from its original source should be in quotes and contain a reference to a full citation for that source. Paraphrased work should also contain a reference to the source citation.



## **COURSE CALENDAR**

The course calendar is posted on Blackboard. Please make sure to refer to it weekly in case of minor changes in schedule.

## **LAPTOP POLICY**

Laptops should be closed during case discussions. Great case discussions and in-class exercises depend on the full attention and engagement of students. Listening carefully is as important as speaking up. We are implementing this policy because students in the end benefit from it and enjoy the class more.

## **ACADEMIC ACCOMMODATIONS**

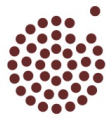
The University of Southern California is committed to full compliance with the Rehabilitation Act (Section 504) and the Americans with Disabilities Act (ADA). As part of the implementation of this law, the university will continue to provide reasonable accommodation for academically qualified candidates with disabilities so that they can participate fully in the university's educational programs and activities. Although USC is not required by law to change the "fundamental nature or essential curricular components of its programs in order to accommodate the needs of disabled candidates," the university will provide reasonable academic accommodation. It is the specific responsibility of the university administration and all faculty serving in a teaching capacity to ensure the university's compliance with this policy.

Any student requesting academic accommodations based on a 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 me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. - 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-7766.

## **ACADEMIC INTEGRITY**

The University's Student Conduct Code articulates violations that are most common and readily identifiable. Conduct violating university community standards that is not specifically mentioned still may be subject to disciplinary action. General principles of academic honesty include and incorporate the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All candidates are expected to understand and abide by these principles.

Sanctions for violations of the university Student Conduct Code are assessed appropriately for the cited violation. Sanctions will be considered in light of candidates' entire conduct records at the university and will be designed to hold candidates accountable for their actions and the resulting or potential consequences of such actions, to promote the educational well-being of candidates and to protect the educational environment of the university and the safety of its community.



All academic integrity violations will result in an academic consequence. Failure to comply with the terms of any imposed sanctions may be considered an additional violation.

Scampus, the USC student guidebook contains the Student Conduct Code and information on Academic Integrity. It is the student's responsibility to be familiar with and abide by these guidelines, which are found at:

<http://web-app.usc.edu/scampus/>

A summary of behaviors violating University standards can be also found at:

<http://web-app.usc.edu/scampus/1100-behavior-violating-university-standards-and-appropriate-sanctions/>

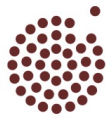
### **A.I. Policy**

In this course, I encourage you to use artificial intelligence (AI)-powered programs to help you with assignments that indicate the permitted use of AI. You should also be aware that AI text generation tools may present incorrect information, biased responses, and incomplete analyses; thus they are not yet prepared to produce text that meets the standards of this course. To adhere to our university values, you must cite any AI-generated material (e.g., text, images, etc.) included or referenced in your work and provide the prompts used to generate the content. Using an AI tool to generate content without proper attribution will be treated as plagiarism and reported to the Office of Academic Integrity. Please review the instructions in each assignment for more details on how and when to use AI Generators for your submissions.

## **LLOYD GREIF CENTER FOR ENTREPRENEURIAL STUDIES' CONFIDENTIALITY POLICY**

Throughout the classes and events of the Lloyd Greif Center for Entrepreneurial Studies ("the Greif Center"), students will be exposed to proprietary information from other students, guest lecturers, and faculty. It is the policy of the Greif Center that all such information be treated as confidential.

By enrolling in and taking part in the Greif Center'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 use 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 Greif Center.

Any breach of this policy may subject a student to academic integrity proceedings as described in the University of Southern California Student Handbook SCampus and to any remedies that may be available at law.

The Lloyd Greif Center for Entrepreneurial Studies, the Marshall School of Business, and the University of Southern California disclaim any responsibility for the protection of intellectual property of students, guest lecturers, faculty or staff who are involved in our classes or events.

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

## USC STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

### Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” [policy.usc.edu/scampus-part-b](http://policy.usc.edu/scampus-part-b). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, [policy.usc.edu/scientific-misconduct](http://policy.usc.edu/scientific-misconduct).

### Support Systems:

*Counseling and Mental Health - (213) 740-9355 – 24/7 on call*  
[studenthealth.usc.edu/counseling](http://studenthealth.usc.edu/counseling)

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

*National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call*  
[suicidepreventionlifeline.org](http://suicidepreventionlifeline.org)

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

*Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call*  
[studenthealth.usc.edu/sexual-assault](http://studenthealth.usc.edu/sexual-assault)

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.



*Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298*

[equity.usc.edu](http://equity.usc.edu), [titleix.usc.edu](http://titleix.usc.edu)

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

*Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298*

[usc-advocate.symplicity.com/care\\_report](http://usc-advocate.symplicity.com/care_report)

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

*The Office of Disability Services and Programs - (213) 740-0776*

[dsp.usc.edu](http://dsp.usc.edu)

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

*USC Campus Support and Intervention - (213) 821-4710*

[campussupport.usc.edu](http://campussupport.usc.edu)

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

*Diversity at USC - (213) 740-2101*

[diversity.usc.edu](http://diversity.usc.edu)

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

*USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call*

[dps.usc.edu](http://dps.usc.edu), [emergency.usc.edu](http://emergency.usc.edu)

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

*USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call*

[dps.usc.edu](http://dps.usc.edu)

Non-emergency assistance or information.

*Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)*

[ombuds.usc.edu](http://ombuds.usc.edu)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

## **Students with Disabilities**





USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs ([www.usc.edu/disability](http://www.usc.edu/disability)). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a 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 me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: [ability@usc.edu](mailto:ability@usc.edu).

### **Emergency Preparedness/Course Continuity**

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Blackboard learning management system ([blackboard.usc.edu](http://blackboard.usc.edu)), teleconferencing, and other technologies.

***IMPORTANT! RECEIPT OF THIS SYLLABUS AND REGISTRATION IN THIS COURSE WILL SERVE AS EVIDENCE THAT YOU UNDERSTAND AND ACCEPT THE REQUIREMENTS OF THE COURSE.***

## Founder's Dilemmas Course Schedule

Week of	Topic	Session 1	Session 2	Due
8-Jan	Making the Leap	Crossroad	R&R	Polls
15-Jan	Resources and Guidance	Lovepop	Mason & Shepherd	Polls
22-Jan	Cultivating Mindset	Entrep Panel	Review and CLT	Mod 1 Reflection
29-Jan	Relationships	ProbLab	Haunte Hunte	Polls
5-Feb	Roles	Savage Beast	Diff Conversation	Polls
12-Feb	Rewards	Greenfolio	Greenfolio Debrief	Polls
19-Feb	CPH (Healthcraft)	Healthcraft	Networking Ex	Mod 2 Reflection
26-Feb	Rich v King	Modmask	Ockham	Polls
4-Mar	Investor Relations	BOLT	VC Term Sheets	Polls
11-Mar	SPRING BREAK	No Class		
18-Mar	Investor Relationships	Panel	Pixability	Mod 3 Reflection
25-Mar	Growth and Exit	Nantucket	Nantucket	Polls
1-Apr	Beyond Rich and King	KCC	Rubbish Boys	Polls
8-Apr	Panel Discussion			Polls
15-Apr	Reflecting Back	Nike	Wrap Up	Polls
22-Apr	TBA			Mod 4 Reflection

# Exhibit 1: FD Course Trajectory

## 1. Preparing to Found



How do I know I'm ready?

How do I know it's a good opportunity?

How do I know if the timing is right?

How do I mitigate risk?

## 2. Building the Team



How do I find the right co-founders?

How to create a team?

How do I split equity?

What goes in a Founder's Agreement?

## 3. Cultivating Investors



How to find the right investors/partners?

How to build investor relationships?

How to negotiate deal terms?

## 4. Exiting the Venture



Should I exit?

If so, should I sell the company? Go public?

What terms should I negotiate?