

MGMT 635: Entrepreneurial Opportunities

Class Meetings:

Mondays & Wednesdays
10:00 – 11:50am (CRN 23886)
Lillis 175

Professor:

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Office Hours:

Mondays, noon-1:00pm
and by appointment

Course Overview

This course introduces the fundamentals of entrepreneurship. Entrepreneurship is a spirited approach to leadership that involves identifying high-potential opportunities, gathering resources such as talent and capital, and managing rapid growth and significant risks through the use of principled decision-making skills. An entrepreneurial perspective is a critical way of thinking in order to tackle new opportunities in business, government, social ventures, and life. Thus, the perspectives and tools introduced in this course are relevant not only to students pursuing the Innovation and Entrepreneurship concentration, but also to anyone interested in identifying and executing on opportunities.

Course Approach

Through a collection of lectures, projects and case studies that cover high-growth ventures, this course will provide you with the tools necessary to successfully identify and execute on an opportunity. I've organized the course, broadly, into two parts: In the first part, we'll cover processes for identifying, developing and analyzing opportunities. We'll draw heavily on ideas that have been popularized through the terminology of "design thinking," "customer development," and "lean startups." We'll "practice" these ideas through various projects and exercises, some of which will carry through the full term. In the second part, we'll do a deep dive into specific topics that are critical to early-stage ventures and we'll be guided by a number of case studies.

This course incorporates both individual and group efforts: You'll work alone to practice some of the approaches that we discuss in class and to submit short cases responses; you'll work with a group to pursue a term-length assessment of an opportunity and to present your findings to your peers. Finally, your individual preparation and participation in connection with our class discussions will shape both your grade and the value that you derive from this course.

Accessible Education

The University of Oregon is working to create inclusive learning environments. Please notify me if there are aspects of the instruction or design of this course that result in disability-related barriers to your participation. You are also encouraged to contact the Accessible Education Center in 360 Oregon Hall at 541-346-1155 or uoaec@uoregon.edu.

Course Calendar

Date	Topic	Reading Assignments
1. Jan 14	Introduction and Course Overview	BDN <i>Table of Contents</i> and Ch. 1
2. Jan 16	Problems, Solutions and Creativity	BDN Ch. 2.1, 2.4 BDN Ch. 8.1 Frenkel, "Tina Seelig's Insights on Creativity"
3. Jan 23	Customer Observation and Market Pull	BDN Ch. 2.2 Brown, "Design Thinking"
4. Jan 28	Customer Development and "Pivots"	Review BDN Ch. 2.2 BDN Ch. 7.3 BDN Ch. 8.2, 8.3 BDN Ch. 9 (especially 9.1 – 9.3, 9.8 – 9.9) Blank, "Why the Lean Startup Changes Everything"
5. Jan 30	Applied Learning Session (no class meeting)	
6. Feb 4	Business Plans and Business Models	BDN Ch. 2.5 BDN Ch. 3.4 – 3.5 BDN Ch. 6 Sahlman, "How to Write a Great Business Plan" Browse the "Business Model Canvas" website: www.businessmodelgeneration.com/canvas/bmc

Observation exercise due via email before the start of class

7. Feb 6	Differentiation and Competitive Advantage	BDN Ch 4.1 – 4.6, 4.8 BDN Ch 9.3 BDN Ch 10.5 Skim: Porter, "The Five Competitive Forces That Shape Strategy" Browse the "business research guide" website: http://researchguides.uoregon.edu/business Case: Method Products: Sustainability Innovation as Entrepreneurial Strategy
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Case assignment due by 9am

8. Feb 11 **Intellectual Property** BDN Ch 11
Browse the UO Innovation Partnership Services
website: <http://ips.uoregon.edu/>
Skim: Greguras, "Guide to Starting a Corporation"

Submit current Opportunity Project journal by 9am

9. Feb 13 **Negotiations and Partnerships** BDN Ch 4.7
BDN Ch 13.2, 13.4, 13.6

Case: TerraMai

Case assignment due by 9am

10. Feb 18 **Clusters** BDN Ch 13.3, 13.4
BDN Ch 14.1, 14.3

Case: The California Wine Cluster

Case assignment due by 9am

Submit current Opportunity Project journal by 9am

11. Feb 20 **Financial Projections** BDN Chs 16 and 17
Skim: "How to Read a Financial Report"

12. Feb 25 **Raising Money** BDN Ch 13.1
BDN Ch 18
Skim: Weekly, "An Introduction to Stock and
Options"

Submit current Opportunity Project journal by 9am

13. Feb 27 **Presenting the Plan** BDN Ch 6.4
BDN Ch 19
Heath, "Loud and Clear"
Hoffman, "LinkedIn Series B pitch deck"

14. **Mar 4** **Hiring and Organizational Culture** BDN Ch 12
BDN Ch 13.5

Case: Gusto

Case assignment due by 9am

Submit current Opportunity Project journal by 9am

15. **Mar 6** **Ethics** BDN Ch 20.4
Review BDN Ch 13.2
Hanson, "The Ethical Challenges Facing
Entrepreneurs"
Lowenstein, "'Bad Blood' Review: How One
Company Scammed Silicon Valley. And How It
Got Caught"

Case: Theranos

Case assignment due by 9am

16. **Mar 11** **Opportunity Project Presentations**

All teams email link to presentation video to Andrew by 9am (regardless of presentation day)

17. **Mar 13** **Opportunity Project Presentations** Christensen, "How Will You Measure Your Life?"
Wrap-up and Summary

Mar 17

Email final and complete Opportunity Project journal (including final assessment) to Andrew by 11:59pm

Email peer evaluations to Andrew by 11:59pm

Course Materials

Book

Thomas Byers, Richard Dorf, and Andrew Nelson (2018), *Technology Ventures, 5th edition* (McGraw-Hill). Please note that you **don't** need to purchase the traditional hard cover version, which is expensive. The international edition, electronic and "rental" versions are available on Amazon for much less. Do make sure that you get the 5th edition, since it has updated material and cases.

Articles/Readings

Frenkel, "Tina Seelig's Insights on Creativity" *The Creativity Post*, April 2012.

http://www.creativitypost.com/create/tina_seeligs_insights_on_creativity

Brown, "Design Thinking" *Harvard Business Review*, June 2008, Vol 86, No 6, pp 84-92

Blank, "Why the Lean Startup Changes Everything" *Harvard Business Review*, May 2013, Vol 91, No 5, pp 63-72.

Sahlman, "How to Write a Great Business Plan" *Harvard Business Review*, July-August 1997, Vol 75, No 4, pp 98-108

Porter "The Five Competitive Forces That Shape Strategy" *Harvard Business Review*, Jan 2008, Vol 86, No 1, pp 78-93

Greguras, "Guide to Starting a Corporation" *Fenwick & West LLP* 2002

"How to Read a Financial Report" *Merrill Lynch* 2000

Weekly, "An Introduction to Stock and Options for the Tech Entrepreneur or Startup Employee" May 2011.

Heath, "Loud and Clear" *Stanford Social Innovation Review*, Winter 2003, pp. 18-27

Hoffman, "LinkedIn Series B pitch deck"

Lowenstein, "'Bad Blood' Review: How One Company Scammed Silicon Valley. And How It Got Caught" *The New York Times*, 21 May 2018

Hanson, "The Ethical Challenges Facing Entrepreneurs" *The Wall Street Journal*, 23 November 2015

Christensen, "How Will You Measure Your Life?" *Harvard Business Review*, July/August 2010, Vol 88, No 7/8, pp 46-51

Websites

Business Model Canvas: <http://www.businessmodelgeneration.com/canvas/bmc>

Business research guide: <http://researchguides.uoregon.edu/business>

UO Innovation Partnership Services: <http://ips.uoregon.edu/>

Cases

Method Products (sustainable cleaning products) – textbook

TerraMai (reclaimed wood products) – Canvas

The California Wine Cluster (wine) – HBS

Gusto (payroll services) – textbook

Theranos (healthcare) – Canvas

Textbook cases are in the back of the Byers/Dorf/Nelson textbook

*The Harvard (HBS) case can be purchased at a discounted rate through the following URL:
<https://hbsp.harvard.edu/import/593594>*

The Theranos case will be posted to Canvas as that session approaches.

Assignments and Policies

Observation Exercise (125 points)

I will describe this activity in detail during Session 4. You should allot two hours for the activity itself, along with additional time for planning and for preparation of the email submission.

Case Assignments (50 points)

This class is highly interactive and depends on everyone being prepared for each session. Our case discussions, in particular, will be successful only if everyone comes prepared to argue a perspective on the issue at hand. The course website lists a short prompt in connection with each case. Your task is to provide an intelligent initial reaction to the prompt. There is rarely a “right” answer in these responses, though better responses will draw upon or reference relevant class concepts and/or frameworks.

In managing case assignments, I try to balance the benefit of having you prepare responses in advance against the obvious “cost” (in time and effort) of preparing these responses. Thus, *I am not asking you to complete a full case analysis. Instead, I’m looking for a succinctly justified recommendation in about 5-7 sentences.*

Each case is worth 10 points and most submissions will receive the full 10 points. To manage my outbound email, I will not email those students who receive the full 10 points, since this is the most common outcome. Conversely, if you receive fewer than 10 points or if you fail to submit a case altogether, I will email you individually. Particularly exceptional case submissions will count towards improving your individual participation grade (though such submissions are most valuable when the insights are actually shared in class discussion and not just with me).

Analyses and responses should be submitted to me by email (ajnelson@uoregon.edu) no later than 9am. I regret that I cannot accept late submissions out of fairness to other students.

Preparation, Participation and Attendance (225 points)

Attendance is mandatory at all sessions as there's simply no way to make up for missed engagement in a discussion. It's also extremely difficult for me to arbitrate between different reasons that someone may miss a class and to judge whether some reasons are more appropriate than others. Our attendance policy, therefore, is simple: Each class is worth up to 15 points. You can miss one class without penalty. Beyond that, if you miss a class, you do not earn any points for that class.

Of course, class is about much more than attendance. This class is only successful if you actively engage in discussion with your classmates and publicly wrestle with the material, cases and presentations. Thus, if you sit in back and appear to be more focused on your phone than on your classmates, your participation grade will suffer.

Finally, in grading your participation, please note that I will *not* be grading on "air time" nor on your "rightness" (which would be difficult given the complexity and subjectivity of our subjects). Rather, I'll focus on the quality of your questions/comments and the logic and facts used to support them. Of course, even with these guidelines in place, the grading of classroom participation is difficult because of its inherent subjectivity. Thus, please feel free to check in with me at any point during the quarter as to your current standing with regards to participation.

Opportunity Project Journal (450 points)

I describe this project in detail below. Starting February 11, you will submit weekly (ungraded) drafts of your journal. Your final project journal, analysis and individual peer evaluations are due via email on March 17 by 11:59pm.

Opportunity Project Video and Presentation (150 points)

I describe the presentations and associated project in detail below. The presentations are scheduled during class time on March 11 and March 13.

Summary of Assignments and Grading Guidelines

The table below summarizes all assignments and associated points. Please note that LCB guidelines specify that the average course grade should lie between 3.1 and 3.4. Thus, the average student will receive between 775 and 850 points (i.e., roughly a "B+").

Assignment	Grading Basis	Points
Observation Exercise	Individual	125
Case Assignments	Individual	50
Opportunity Project Journal	Team*	450
Opportunity Project Presentation and Video	Team*	150
Participation and Attendance	Individual	225
<i>Total</i>		1000

** Individual points may be modified according to peer evaluation feedback*

Opportunity Project

"Entrepreneurship is a contact sport. It's extreme. You can't learn it by sitting down in a classroom."

– Tina Seelig

I don't expect you to build a company in the span of Winter term (though that would be cool!). I do expect you, however, to take the concepts and frameworks that we discuss in class into the "real world" by engaging deeply with an opportunity. To guide you in this process, we'll rely on Alex Osterwalder's "business model canvas," covered in detail in Session 6. The questions posed at the end of this section are linked directly to this canvas (and are drawn from Stanford University's course on the "Lean Launchpad").

Inevitably, as you pursue answers to these questions, you'll find that some of the assumptions made to support your idea don't hold up. As you encounter new insights, you should work with your team to brainstorm what you might change in order to overcome newly-revealed challenges and to make your idea more attractive. (We'll use the term "pivot" to refer to these changes.)

I will grade you *not* on the overall quality of your idea at the end of the term, but rather on your ability to engage outside information, to identify these problems and to "pivot" accordingly. Thus, you will be graded on *process*, not on *outcome*. To facilitate this grading approach, you will keep a detailed journal that describes your team's activities on a day-to-day basis. I will provide further guidance on the format and expected contents of this journal in class.

At the end of the term, you will share a "pitch" video with the class, along with a more honest Q&A reflection on your experience.

Journal Guidelines

Your journal will consist, broadly, of two parts. In the first part, you will track your responses to a variety of questions (listed below), along with your efforts to gather relevant data and changes to your idea that are informed by these data. In the second part, you will offer an assessment of your idea based on what you learned.

Your journal is both a venue in which to keep track of your work and an opportunity to demonstrate to me the steps you took to evaluate and execute upon an idea. Thus, the journal should "show your work." Include *lots* of detail. For example, rather than saying, "We interviewed eight people this week," write down who they were, how you identified them, how/where you spoke, and for how long. Also, include notes from each interview and an analysis of what you learned and how it influenced your assessment of your idea. Generally speaking, "good" journals have frequent entries and lots of detail; "not-so-good" journals appear to be a rush job put together in the last couple weeks of the term. Keep in mind that I am grading on the basis of your work and process, not the outcome; you're encouraged to detail failures and missteps, and not to "sanitize" your journal.

Your journal should address the questions detailed below, which are tied to Osterwalder's business model canvas. In each area, you should detail your "hypotheses," the ways in which you "tested" these hypotheses (e.g., the data you gathered and what you learned), and the changes that you'd make to your idea accordingly (e.g., the "pivots"). I will provide an Excel template for you to use to organize your journal, though you can supplement this spreadsheet with additional materials if appropriate. We will discuss more detailed expectations in class during Session 6.

Your responses to the questions below should be informed by numerous and frequent engagements with the “real world.” If you sit in a study room and brainstorm answers to these questions, guided perhaps by a generic research database through the library, you will have missed the point. If you engage with potential customers and other insiders on a frequent basis and you use their input to craft your answers and to adjust your proposed idea, then you’ll do well. *Thus, it is absolutely essential that you pick up the phone and/or visit/observe people in person.* You might also make use of surveys and other tools to garner feedback (though keep in mind the limitations of surveys, as we’ll discuss in class). The guiding point is that you must engage with people relevant to your specific idea (e.g., potential customers, suppliers, employers, competitors, etc.). Although it is difficult to provide generic guidelines since ideas vary considerably, the most successful teams tend to speak with and/or observe at least 25-30 people over the term. Obviously, identifying, reaching, and engaging with so many people requires considerable time. Thus, I strongly encourage you to start early.

To motivate you to start early, you will submit your current journal/spreadsheet on a weekly basis, starting on February 11. I will not grade these weekly submissions and I generally won’t provide feedback. At the end of the term, however, reviewing your weekly progress will enable me to better understand your process. Because the second part of the journal (the final assessment) requires the first part of the journal (the raw data tied to the questions), I will not expect to see this assessment until your final Opportunity Project submission.

Video and Class Presentation Guidelines

Your written journal is intended to be a “raw” and candid presentation of information and of the process you used to assess your idea. By contrast, you’ll create a video to present to the class that will take the format of a pitch in which you attempt to “sell” us on your idea. This is true even if your idea is “bad.” My intent with this assignment is to give you practice “selling” and putting together and communicating a complete picture around an idea.

Your video will follow the rough format used in fundraising pitch. Thus, at a minimum you should:

- Introduce yourselves
- Discuss the problem that you intend to solve (or need that you’ll fulfill), along with the key customer segment(s) you target
- Describe how your product/service solves this problem
- Address the competition and your competitive strategy
- Describe your business model and how you’ll make money
- Describe the sales process and channels
- Offer initial financial projections and make an “ask” for an appropriate level of funding

Your video should be no longer than seven minutes and must be posted to YouTube (though it can be a private post that only authorized people can view). You might wish to consult the Kickstarter webpage for tips on how to create a compelling video, though keep in mind that Kickstarter’s aims are somewhat different (e.g., your video is not intended to raise crowdfunding):

https://www.kickstarter.com/help/handbook/your_story

Each Opportunity Project team will be assigned a presentation slot on March 11 and March 13. Presentations will consist of viewing the video in class, followed by approximately 10 minutes of Q&A. Note that it’s perfectly fine (in fact, preferred and strongly encouraged) in this Q&A to “let your guard

down” and give honest answers to challenging questions, rather than continuing to “sell” the crowd. Thus, while the video is a pitch, the Q&A is an honest conversation with your classmates.

Grading/Assessment

Written Journal

In grading the final opportunity project, I will assess:

- The extent and clarity with which your team addresses the questions below
- The breadth and depth of your engagement with external sources
- The creativity and strategy underlying your proposed pivots
- The incorporation of class concepts and materials in your analysis
- The thoroughness of your analysis

The written journal is due via email no later than 11:59pm on March 17.

Video and Class Presentation

Videos and presentations will be graded on:

- How thoroughly and convincingly the video addresses the points listed under the guidelines above
- The production quality of the video
- The depth, professionalism and honesty/accuracy of responses given during the Q&A
- Peer feedback (Each classmate will fill out a brief evaluation of each presentation, except that of their own team.)

The videos and presentations will take place on March 11 and March 13. Each team should post its video by March 11 regardless of the team’s presentation date.

Peer Evaluation

Each team receives a common grade for the written journal and the video and class presentation. After the project is submitted, however, I’ll ask you to conduct a peer evaluation of each of your teammates. This exercise provides you with an opportunity to provide candid and confidential feedback on the contributions (or lack thereof) of your fellow teammates. If there is a pattern among responses around a particular teammate (e.g., every teammate writes that “Bob” dropped an important part of the project or that “Sally” went above and beyond to deliver a quality component), I will adjust that teammate’s individual project grade up or down accordingly. Please note that I also save these evaluations and refer to them when writing letters of recommendation.

There is no specific format for the peer evaluations. Generally, if things went well and everyone contributed equally, a short email to that effect will suffice; by contrast, if you have an outlier team member (good or bad), then much more detail is appropriate.

Please submit peer evaluations via email no later than 11:59pm on March 17.

Questions to Consider in the Opportunity Journal

Your first step is to choose an idea. This idea need not be unique (e.g., it can be similar to an existing product or service) and need not be “good.” In fact, as we’ll discuss, most ideas are not good – at least to start – and you are graded on process, not on the quality of your idea. Your idea, however, must facilitate the primary data gathering (e.g., interviews with potential customers) that lies at the heart of the project.

The most critical questions to address are in areas 1 and 2 below. So, you should start there, focusing your research and pivots accordingly. I’d like you to take a crack at addressing the other questions, but it’s fine for these sections to be less developed. (In other words, when grading, I will weigh areas 1 and 2 more heavily.)

Note that you should have an initial answer to each question. You’ll then gather data to test this initial answer and you’ll report on how you gathered these data and what you learned – especially around areas 1 and 2. Finally, you may propose how you could change your idea to address assumptions that prove unfounded (and that, therefore, present a challenge to your initial idea).

1. Value Proposition and Competition

What value do you deliver to the customer? What problem are you solving? How painful is this problem for those who have it? How many people have it? What are these people doing to address the problem today (e.g., in lieu of your product/service)? What is your proposed solution? What makes your solution particularly compelling? Who else serves this customer need? What advantages and weaknesses do these competitors and would-be competitors have?

2. Customer Relationships and Segments

For whom are you creating value? Who are your most important customers? What type of relationship does each customer segment expect you to establish and maintain with them? How will you reach your customers? What is their buying process? What is your assumed customer lifetime value?

3. Key Partners

Where do you sit in the value chain? Who are your key suppliers, distributors, investors, and other partners? Why do you need these partnerships (e.g., what are the benefits)? What are the costs and potential risks of these partnerships to you? Why will these people/organizations partner with you (e.g., what are the costs and benefits from their perspectives)?

4. Key Activities

What key activities does your value proposition require? What’s the timeline for these activities? What processes do you need to establish?

5. Key Resources

What key resources does your value proposition require? How many and what kind of employees are needed to execute on this idea? When? How will you find and recruit these people? Is there existing intellectual property that you must license or new intellectual property you must develop in order to

pursue this opportunity? How much money do you need to raise and why? When and how will you stage these investments? What is the best physical location for your business?

6. Key Channels

Through which channels do your customers want to be reached? Which channels work best? How much do they cost? What are the channel entry barriers and how will you overcome them?

7. Cost Structure

What are the most important costs inherent in your business model? Which key resources are most expensive? Which key activities are most expensive? What are your principle expenses and how can they be managed?

8. Revenue Stream

For what value are your customers willing to pay? What and how do they currently pay? How will you price your product/service? What are the key financial metrics for your business model? What are the risks involved? What are your competitors doing? How will you grow revenues and profits over time?

Overall Assessment and Next Steps

Is your “idea” a good “opportunity”? Why or why not? If you cannot reach a conclusion at this stage, what else would you need to know in order to do so? What problems do you see with your idea, and what are the risks and challenges associated with your idea? How would you rank these risks (including the “white hot risk”) and why? How would you address the top risk or risks? Are the overall risks primarily financial, technical, people, or market risks? What next steps make sense with regards to this idea? Would this idea be more feasible if pursued within an existing company?

Note that this section is your opportunity to apply class and textbook concepts and frameworks to your idea and to demonstrate your ability to recognize challenges/problems as well as opportunities – and the extent to which challenges/problems are surmountable or not (and if so, how!). Think of this section, therefore, as an objective analysis of your idea and potential next steps based on the data gathered for sections 1-8.