BMGT 486.04: Strategic Venture Management

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BMGT 486 – Strategic Venture Management

Instructor:

Michael R. Braun
Room 357, Gallagher Business Building
Wednesday and Thursday, 3:00 – 4:30 PM

About this Course:

Welcome! This is the capstone course on value creation in business. Over the span of your undergraduate business education, you’ve been exposed to a wide variety of disciplines (e.g. marketing, finance, management, accounting, MIS, etc.), in the process learning the tools to help you work in a business. This course is intended to teach you how to work on a business. Over the next few months we will pursue answers to the following questions: Where does innovation come from? How is value created and captured? What is the infrastructure necessary to deliver the value to customers? And, is the business competitively and financially sustainable? To answer these questions, we will draw on recent tenets of Business Model Design, which draw heavily from the fields of entrepreneurship, intrapreneurship, strategy, and innovation. By extension, we will rely on ideas and skills from a variety of functional areas (e.g., accounting, operations, information systems, finance, marketing, and management) to attend to the various building blocks of our guiding framework, the Business Model Canvas. This class has multiple facets to it: readings, case studies, discussions, individual assignments and, finally, a Business Model Project (BP) development and presentation. The BP will be a team-based, semester-long project where you will be asked to disassemble and reassemble the business model of an assigned company. Be prepared to burn calories in this class! That said, also realize that this course represents a transitional bridge to the type of critical thinking and problem solving you’ll be expected to do in your professional careers.

Course Purpose and Process:
The purpose of this course is to make you better business mechanics. What does that mean? Take into account the following analogy: if a business is like a car, the tools you’ve gathered over the years have taught you how to become a good driver. Take into account, however, that if the engine (business model) is broken, you simply won’t get very far, no matter how excellent your driving skills may be. That’s where this class comes in: as a business mechanic, you will have the know-how to disassemble and reassemble the various parts of a business, whether you’re trying to start it, fix it or supercharge it. As we progress through the semester, our aims will be for you to:

- Create an active and dynamic business mindset
- Recognize and capitalize on demand-driven opportunities
- Hone your pattern recognition abilities
- Enhance your problem solving skills

NOTE: This syllabus is tentative and subject to change
To help refine these skills, one of the main deliverables in this class will be a Business Model Recommendation. The project throughout the semester, ending with the recommendation, is meant for you to “peel the layers” of an assigned company’s business model using a variety of strategic and operational frameworks and tools. Working in teams, you will have four “mini-presentations” throughout the semester where you deliver your findings. The final Business Model Recommendation asks you to recommend a “pivot” to your company’s business model – that is, a tweak to the business model and its building blocks that can take the company to the next level (profitably!). In this way, the BP will tie together the diverse parts of the course, as well as integrate the various disciplines you have learned over your time at SoBA. Lastly, it will provide you with a ‘product’ to take with you when you enter the job market.

**Expectations for this Course:**

**SHOW UP. BE ON TIME & COME PREPARED!** This class is based on an on-going, interactive discussion. At a minimum, you need to thoroughly read ALL assigned readings. Try to think through the main points and issues and how they play out in real-world scenarios.

I expect you TO PARTICIPATE (15% of your grade) since the class is much better served through an interchange. Your contributions should be thoughtful and inclusive of the frameworks and themes we have covered. As the course progresses, I expect your presentations to reflect the various articles, case studies, frameworks and class discussions. Included in the 15% participation grade is your contribution to your team’s development of the BMP – dropping below a specific threshold in terms of peer evaluations can erase your other contributions!

It is critical that you get familiar with the course syllabus – it will help set your expectations of the workload for the class. Keep in mind that this syllabus is a rough guide, and that changes may occur during the semester.

**Objective of the Course:**

1. Apply and integrate knowledge acquired during your career as a student to real business problems, involving analysis, solution development, and implementation.
2. Sharpen your communication skills by developing and presenting it to an audience.
4. Learn how innovators create opportunities and capture the rewards of their activities (or how they might miss them).
5. Recognize the interaction between different business areas, e.g. innovation/R&D, production/operations, financing, accounting, management, and marketing.
6. Develop basic managerial skills such as leadership, decision making, and prioritizing.
7. Perform as part of a group of peers challenged by a demanding project with severe time constraints.
8. Improve skills in achieving group effectiveness.
9. Show integrity, courtesy, reliability, and respect for others through team work.
10. Learn to teach yourself by working independently.

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Class Materials

   This practitioner book is the primer to introduce the business community to the art and science of business modeling. Please purchase a paperback edition through Amazon.com as soon as possible: new paperback editions are $22.00, although they can be as low as $11.00 through other vendors. Should your shipment be delayed, you can get a free preview of the first 72 pages at: http://www.businessmodelgeneration.com/downloads/businessmodelgeneration_preview.pdf.
   This preview is not a substitute to getting the book! We will use later sections as well, so make sure you get the paperback edition! You’re bound to use it throughout your careers.

2. **Articles & Cases** – supplementary readings will be posted on Moodle. Please refer to syllabus for when these readings are due.

3. **Canvanizer (Online Business Model Canvas)** – As a supplement to Business Model Generation we will use a free (and pretty darn neat!) online tool called the Canvanizer. It will help your team sharpen ideas, develop the various building blocks of your business activities, refine your strategy, and, lastly, nail down how the business creates sustainable value. Once selected, I will ask each team to sign up to the Canvanizer.

**Grading & Assignments:**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading Comprehension Quizzes</td>
<td>20%</td>
</tr>
<tr>
<td>Mini-Business Model Plan Presentations</td>
<td>15%</td>
</tr>
<tr>
<td>Individual Case Assignments</td>
<td>25%</td>
</tr>
<tr>
<td>Class Participation (incl. peer review)</td>
<td>15%</td>
</tr>
<tr>
<td>Final Business Model Presentation (Oral &amp; Written)</td>
<td>20%</td>
</tr>
<tr>
<td>Individual Write-Ups</td>
<td>5%</td>
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</tbody>
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Each of the preceding components will be discussed in greater detail as the semester progresses.

**Additional comments on Grading & Assignments:**
- **PLEASE DO NOT USE YOUR NOTEBOOK COMPUTER DURING OUR SESSION.** This is a critical thinking class! If you need to take notes, rely on paper and pen. The use of notebooks is distracting to your fellow students and me.
- For every day an assignment is late, the grade of the paper drops FULL LETTER GRADE, e.g. an “A” paper turned in a day late will become a “B” papers, etc.
- **NO E-MAILED PAPERS.** I expect hard copies to be handed in on the day the paper is due. If you cannot attend class, have someone else hand it in for you.
- **TRY NOT TO MISS THE READING QUIZZES** – Make-up quizzes are in essay form.
- **NO EXTRA CREDIT.** Do the work that is assigned.

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- **WEEKLY ATTENDANCE WILL BE TAKEN.** If you miss **MORE THAN 4 CLASSES**, for each class missed your **final grade will drop ½ a grade**.
- **YOU WILL HAVE AN OPPORTUNITY TO EVALUATE YOUR TEAM MEMBERS.**
- **RESPECT THE HONOR CODE.** Cheating of any form will not be tolerated in this class. All work handed in is to be yours. All work handed in is to be yours. If you don’t know what “cheating” means, please refer to the University Conduct Code at: [www.umt.edu/SA/documents/FromWeb/StudentConductCode1.pdf](http://www.umt.edu/SA/documents/FromWeb/StudentConductCode1.pdf)

**The Business Model Project:**
The BP affords you a unique opportunity to do an in-depth evaluation of a company from multiple perspectives (competitive, marketing, financial, etc.). In the first few weeks I will assign you into a group – this group will be your group for the remainder of the semester. I will subsequently assign you a company – this company will be your assigned company for the remainder of the semester. **PLEASE RECOGNIZE THAT THE BUSINESS MODEL PROJECT IS YOUR PROJECT – THIS MEANS THAT YOU ARE DOING THE WORK!** I will work alongside you, but the calories burnt on this are yours – just like in the real world. I will hand out detailed BP guidelines in a few weeks.

For those of you interested in competing in the Business Pitch competition, this course provides the foundational framework, the Business Model Canvas. The Business Pitch competition is a unique opportunity to present your venture to angel investors, business owners, and other members of Montana’s entrepreneurial elite who can help you realize your business. Also, you can compete for prize moneys, which were over $50,000 this past year. If you’re interested in the SoBA Business Plan competition, please see the eligibility requirements at [http://www.business.umt.edu/made/programs/biz.asp](http://www.business.umt.edu/made/programs/biz.asp). Alternatively, you may also want to participate in Startup Weekend Missoula, a 54-hour event held each spring aimed at getting companies off the ground. For more information, see [http://startupweekend.org/](http://startupweekend.org/) and [http://missoula.startupweekend.org/](http://missoula.startupweekend.org/).

**Team Work:**
The business model project will be team-based. Groups are assigned in the second week. Once assigned, I would highly recommend that you take into consideration individual strengths and weaknesses: qualitative vs. quantitative; marketing – financial/accounting – technology backgrounds, availabilities throughout the semester, etc. It is critically important that you and your team members learn to manage the various requirements and deadlines of the business plan.

I understand the potential difficulties in team-based projects: some people do more work than others, some teams have better dynamics than others, etc. I recognize that at times it can be challenging and even frustrating, but in my opinion team projects capture the real-world complexity of getting business done. If you find that some team members simply do not contribute, **PLEASE APPROACH ME AS A GROUP**. I will deal with your collective complaints accordingly. Also, you will have an opportunity to fill out peer evaluation forms at the end of the semester.

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INTRODUCTION – (Week 1 & 2)

Week 1:

January 27: Introductory Session

January 29: What’s a Business Model? What is it not?
Read: Business Model Generation, pp. 14 – 19 + p. 59 (3 core biz types)
Read: “Margin & Volume”, J. Heuer
Read: “Will business model innovation replace strategic analysis?” S. Abraham

Week 2:

February 3: Ideas, Sources and Types of Innovations
Business Model Generation, pp. 226-231
Read: 12 Different Ways for Companies to Innovate
Team Assignment; Stock Portfolio Project Handout

February 5: Blue Ocean Strategy – The Door to the Value Proposition
Read: Blue Ocean Strategy: From Theory to Practice, by Kim & Mauborgne

IDENTIFYING AND DEVELOPING THE OPPORTUNITY – (Week 3 & 4)

Week 3:

February 10: Read: Value Proposition & Customer Segments
Business Model Generation, pp. 20-25 + 127 - 133
Due: Stock Portfolio Project Write-up

February 12: Case: Zappos.com: Bring the Shoe Store to Your Home
(Begin Portfolio Tracking!)

Week 4:

February 17: Reading Quiz #1
(Hand out Individual Assignment #1, due beginning of Week 6.)
Business Model Project Discussion + Company Assignment

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February 19: Market Sizing & Customer Relationships (CA&CR)
Read: *Business Model Generation*, pp. 26-29
Read: *Customer Management Process*, Kaplan & Norton

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**PLUGGING INTO DEMAND (Week 5 & 6)**

**Week 5:**

February 24: Revenue & Profit Patterns & Channels (LTV)
Read: *Business Model Generation*, pp. 30-33 + pp. 56 – 108

February 26: *TEAM BMP Presentation #1 *

**Week 6:**

March 3: Hand in Assignment No. 1
Class discussion: *Career Development 1* - Resumes & Cover Letters

March 5: Case: **THE GOOD → Trader Joe’s**

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**SUPPORTING YOUR REVENUE (Week 7 & 8)**

**Week 7:** (Midpoint)

March 10: Key Activities
Read: *Business Model Generation*, pp. 36 – 39
Read: *Strategy Implementation: Getting Your Strategic Ducks in a Row*, Braun and Latham

March 12: Key Resources & Key Partners & Strategic Ecosystems
Read: *Business Model Generation*, pp. 34-35
Read: *The Value System: Who’s Kicking -and Kissing Whom?* Braun & Latham
Due: Resume & Cover Letter

**Week 8:**

March 17: *TEAM BMP Presentation #2*

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March 19: Case Study: THE BAD → Krispy Kreme

COSTS OF EXPLOITING THE OPPORTUNITY (Week 9 & 10)

Week 9:

March 24: Reading Quiz #2:
Cost Structures (in the Sports Apparel Business)
Read: Business Model Generation, pp. 40-41; 138 - 139
Read: The Most Profitable Businesses to Start
(Hand out Individual Assignment #2, due April 9)

March 26: Strategy Maps
Read: Having Trouble with your Strategy? Then Map it. by Kaplan & Norton
Read: The VRIO Framework: An Overview

Week 10:

March 31: No Class – Spring Break!

April 2: No Class – Spring Break!

NUMBERS THAT TELL THE STORY (Week 11 & 12)

Week 11:

April 7: Business Model Financials (The Case of the Unidentified Industries)
Read: Numbers 101: Margins, Markups & Break-Even, by Rumelt

April 9: Hand in Individual Assignment #2
Class discussion: Career Development 2 – Interviewing, Negotiations, etc.

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**Week 12:**

April 14: Case Study: **THE UGLY → RadioShack**

April 16: Speaker - TBA

**Week 13:**

April 21: TEAM BMP Presentation #4

April 23: Reading Quiz #3

Case Study: **Putting it all together** – Amazon under Fire

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**PITCHING YOUR OPPORTUNITY (Week 14 & 15)**

**Week 14:**

April 28: Shark Tank Day!

April 30: In-Class Business Model Project Support Session

**Week 15:**

May 5: Business Model Project Presentations

May 7: Business Model Project Presentations
Wrap-up!

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