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MGMT 694.01: Entrepreneurship

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University of Montana School of Business Administration

MGMT 694 - Entrepreneurship

Professor Information:

Dr. Jeff Shay
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Office Hours: M: 7:00-10:30, T: 7:00-11:00;
Meetings with Professor Shay occur either
during scheduled office hours or by
appointment arranged in class or via email

Readings:

Required:

Bygrave, *The Portable MBA in Entrepreneurship*
Bygrave, *The Portable MBA in Entrepreneurship Case Studies*

Recommended:

The Wall Street Journal, Business 2.0

ATTENDANCE

This is a graduate level course with a large percentage of your grade based on class contribution. Based on this, my expectations are quite simple: I expect students to attend class.

COURSE OVERVIEW

This course is designed to provide students with the knowledge, skills, and abilities necessary to plan, finance, develop and operate either a new business venture. It concentrates on attributes of entrepreneurs, searching for viable opportunities, and gathering the resources necessary to convert a viable opportunity into a new business venture. Students learn how to evaluate entrepreneurs and their business plans. In addition, students work in teams to develop a business plan for a high potential new business venture that they have developed.

COURSE OBJECTIVES AND TEACHING METHODOLOGY

This course concentrates on: searching the environment for new venture opportunities; matching an individual's skill set with a new venture opportunity; evaluating the viability of a new venture; obtaining financial resources for a new venture; and starting up and operating a new venture.

This course uses a combination of lectures, case studies, guest speakers, class discussions, and experiential exercises in order to expose students to the challenges that entrepreneurs face in conceiving, planning, financing, and operating a new business venture. This experience provides students with a framework that can be applied to assessing their own business ideas in the future.

The main project for the semester is for student teams of four to five students to develop a business plan for their own new business venture. Each team member is required to generate ideas for **three different** new ventures. Each member then presents his or her ideas to the rest of the team members. From the ideas generated by individual team members each team is required to select one idea that it judges to be

the most viable new venture. The team will then write a business plan over the course of the semester. Business plans are to be no longer than **40 pages**, including text and supporting exhibits.

Although not all business plans generated by the class will result in an actual new business start-up, there are numerous examples of multi-million dollar ventures that were started in entrepreneurship courses (we'll read a few cases that will provide examples). The experience students gain through this project will be valuable for starting their own business in the future as well as for those who will work with entrepreneurs in the future as investors, bankers, lawyers, etc.

This year all business plans will be submitted to the Montana Business Plan Competition.

More information on the business plan is provided later in the syllabus.

EXPECTATIONS

My expectations for this graduate level course can be described in only one way: very high. Here are some of my specific expectations:

- Proficiency in all business disciplines (i.e., accounting, finance, marketing, organizational behavior, human resource management, etc.). If you feel weak in any specific area(s) you should be prepared to allocate extra time to redevelop your skills.
- Utilize the appropriate tools and methodologies in order to analyze the case studies assigned each week. This means that if the case study requires financial analysis, then your group should conduct a financial analysis.
- Apply the readings assigned each week and previous readings in your analyses. This means applying specific models, concepts, and theories from the readings to the case that we are discussing. You shouldn't be analyzing case studies without the tools you learn in this class.
- Plan on 75 percent of the time discussing cases consisting of comments, feedback, and arguments shared between you and your classmates. Be prepared to contribute.

READINGS, CASES, AND EXERCISES

Readings: Readings should be completed prior to coming to class. From time to time I will call on students to reflect on the assigned readings. Be prepared.

Cases: Cases will be analyzed by students before class sessions and discussed in terms of the entrepreneurial issues and strategic recommendations for the new business venture. If you have not read the case and done significant preparations, your class participation grade will be reflective of your lack of effort.

Exercises: Several exercises will be used throughout the semester in order to provide the opportunity for you to apply conceptual material to real business situations.

STUDENT EVALUATION

General comment: Grading in this course is competitive. You will be evaluated relative to the work that your classmates submit.

<u>COMPONENTS</u>	<u>PERCENTAGE OF FINAL GRADE</u>
<i>Individual:</i>	
Class contribution	20%
Peer evaluation of your work	30%
<i>Group:</i>	
Written case analysis #1	10%
Written case analysis #2	10%
Group slides for case studies	10%
Business Plan and Presentation	20%
TOTAL	100%

Note: An intricate instrument has been developed for assessing your class contribution and peer evaluation scores. Be sure to complete the form online at the end of the semester.

DESCRIPTION OF EVALUATION COMPONENTS

Class contribution

Individual

As mentioned above, class contribution will play an integral role in how much learning takes place during the semester. Your contribution will be evaluated in terms of the value you add to class discussions. Both quality and quantity will be evaluated. This requires not only completing assigned readings but also coming to class with prepared questions and arguments regarding what the assigned reading has tried to convey. The most valuable contribution that students can make comes through integrating assigned readings with what you have learned from other courses with what you have experienced in the outside world. Comments or behaviors that detract from the learning environment will have a significant and negative impact on your grade.

You are required to complete the "Class Contribution" form provided online. This form allows you to assess your own contribution as well as other team members. The areas of evaluation are: class attendance, contribution frequency, and contribution quality. These scores will be used in addition to the professor's assessment to determine the grade you have earned for class contribution.

Group

For each case study not requiring a written report, your team should complete the following analysis:

1. Problem identification
2. Models: Abel's, E-O-R, 3 M's, Porter's Five Forces, Generic Competitive Advantage Building Blocks, financials, etc. Your team should decide which is appropriate.

3. Strategic alternatives and implementation plan

Your group is required to prepare at least a one-page transparency to each class. These are to be submitted via email to Professor Shay at: jshay@business.umd.edu. This transparency should include a model, exhibit, or summary that will add to the class discussion. More importantly, the slide should make a significant contribution to the discussion and demonstrate a high degree of analytical thought. You should be as detailed as possible. I suggest looking at the exhibits from past strategic plans that are posted on the Web. **Your team is responsible for turning in a hard copy portfolio of these exhibits at the end of the semester.**

For Off-Campus Students, class contribution will also include your contributions to online case study discussions.

Written case analyses

Writing the analysis of a case study may be something you are unfamiliar with. However, developing the skills required for writing such a report is important. **Analyze, don't report!** The analysis should not simply restate the facts in the case, but instead should take our understanding of what is happening in the case to a higher level. Demonstration of a high level of understanding requires application of the various concepts and models to that bring greater clarity to the situation in the case. Discussion questions for each case are provided at the end of this syllabus. Use these to help generate your analysis but do not simply answer these questions. In addition, one of our first class sessions will be devoted to case studies and how to conduct a thorough analysis.

Case analysis format:

- I. Cover page (Page 1)
 - a. Include the name of the case and all contributing team members.
- II. Executive Summary (Page 2)
 - a. Statement covering the contents of the case analysis. Should include brief assessment of situation, strategic recommendations, and expected results of recommended strategy.
 - b. Maximum of 2 paragraphs and about ½ page single-spaced.
 - c. Should be the last part of the report to be written.
 - d. Take your time writing this, I like when it is done well.
- III. Situation analysis, strategic alternatives (usually three), recommended strategy, and implementation plan (Pages 3-7)
 - a. This whole section should be no longer than 5 typed pages following these formatting guidelines:
 - i. Double-spaced, 12 point times new roman font, 1.25 inch right and left margins and 1 inch top and bottom margins
 - b. Situation analysis
 - i. At least two pages if not more and apply the various concepts, theories, and ideas from the text. Can include:
 1. Defining the company: Who are the customers? What need is being satisfied? What core competencies does this company possess that make it better in satisfying customer needs?

2. E-O-R Analysis, and 3 M's Analysis
 3. Macro-environmental analysis: Forces affecting the industry (social, technological, economic, political./legal, etc.)
 4. Industry analysis: Application of Porter's Five Forces Model
 5. Generic strategy – low cost, differentiation, broad or narrow focus
 6. Generic Competitive Advantage Building Blocks – Efficiency, Innovation, Quality, and Customer Responsiveness
 7. Core competencies: Identify
 8. Other models: BCG Matrix, etc.
 9. **DO NOT DO A SWOT ANALYSES**
- c. Strategic alternatives
- i. Describe three strategic alternatives that your group identified
 - ii. Describe the two that you didn't choose first, clearly identifying the strengths and weaknesses of these alternatives
- d. Recommended strategic alternative and implementation plan
- i. Recommended strategy: Clearly describe the strengths and weaknesses of the strategy. Indicate how the strategy fits with your Situation Analysis and addresses the concerns outlined in that section.
 - ii. Implementation plan: This section should identify the process by which the strategy can and should be implemented. You should include the various risks and/or challenges that should be considered.
 - iii. Use the following implementation mechanisms:
 1. Formalization
 2. Organizational Structure
 3. Management Processes – coordination and configuration
- e. Exhibits (pages 8-12)
- i. You are allowed up to 5 pages of exhibits, I strongly recommend that you take advantage of these exhibits. You may have more than one exhibit per page.
 - ii. Do not include irrelevant exhibits. All exhibits should be referred to in the text and add value to your report.
 - iii. Do not include exhibits that represent just text without any analysis. For example, including an exhibit with the company's mission statement will not help. You must analyze.
 - iv. Do not photocopy exhibits from the text, reproduce them in PowerPoint and add your own analysis. Simply photocopying a model from the text or an exhibit from the case does not add value. If you want to refer to an exhibit from the case, simply do so as "see Exhibit #2 in the case".
 - v. Exhibits should be numbered in the order in which they are referenced in the text portion of your report. Failure to do so indicates a lack of effort from my perspective.

I will be critical of papers that do not follow these guidelines. This is done with the purpose of helping you learn to write in a concise, yet thorough manner. The written section will be evaluated as a professional report. This means that the report is representative of one that you would expect to read or

produce if you were currently working in the industry. This means the paper should not have grammar, typing, or spelling errors. It should be professionally presented. **Please note: Professional presentation does not mean that because you spend more money than your classmates on plastic binders and a slick color cover page you will receive a higher grade. I can see through the fluff, believe me.**

Important notes

There is no right or wrong answer to a case study. I will not provide “the answer”, so please don’t ask. Also, what the company has done since the case study was written does not matter. They may have been better off with a different strategy. Reports that utilize information that was available after the case was written will receive a lower grade. There is no need to do research on the company outside of what is provided in the case. Economic figures (e.g., inflation, interest rates, etc.) and competitor information available during the time of the case are acceptable for incorporating in your analysis.

DUE TO THE NATURE OF CASE STUDIES, LATE PAPERS WILL NOT BE ACCEPTED.

Students should come to class prepared to discuss the case studies. Because you are required to turn in your written case studies at the beginning of class, you might want to make an extra copy so that you have it with you for the discussion. **HINT: You may want to email your whole set of exhibits to the professor before class so that we can use them in our discussion of the case.**

BUSINESS PLAN FINAL REPORT AND PRESENTATION

Business Plan

The final business plan that you turn in is likely to be lengthy, but should **be no more than 40 pages long including text and exhibits**. The text portion is to be no longer than 25 pages. You are to **submit one high quality copy, one regular copy for grading, and one copy for submission to the business plan competition**. The document should contain all information necessary for an investor to evaluate the business and its potential. You are a group of entrepreneurs starting your own business. As such, I expect that the work will be done solely by your group and with occasional assistance from either myself or from one of the Business School Faculty members.

Research for your business plan should extend beyond reliance on the Internet. There are numerous sources of market data available. When you do use data from an Internet source the source should be cited and should be a reliable, recognizable source of data. For example, using Fred’s Market Data would not be considered reliable. In contrast, using government census data would be considered reliable.

Final Business Plan Presentations

Your group will provide a presentation of your business plan to the class during one of the final class sessions. The Professor will determine the length of these presentations. There may be additional judges invited at my discretion. The presentations are expected to be formal, as if you were presenting the business to a group of potential investors. As such, all students (including those not scheduled to

present) are expected to dress in **formal business attire**. Should your group require audio/visual equipment, please inform me one week in advance.

Your entire group is expected to attend all presentations. No exceptions. Failure to attend will significantly affect your course grade.

NOTE: Your group should bring back up transparency slides for the presentation in case equipment does not work. Regardless of equipment failure your group will be required to present on its scheduled day and time.

EXPECTATIONS FOR WRITTEN ASSIGNMENTS

Your success in the business world will depend, to a large extent, on your ability to communicate. Courses during your first few years at the Business School provided the opportunity to hone your written and oral communication skills. This course will provide you with the opportunity to develop further both of these skills. You will be required to make a formal presentation to your classmates and possibly some external judges at the end of the semester and try to convince them of the strength of your business plan. You will also be required to submit several written business reports, including a comprehensive business plan. The purpose of this section is to help you with your written assignments by providing a number of helpful suggestions as well as outlining my expectations.

Substance: You should substantiate what you are trying to convey with facts and data. In most cases, you will be asking the reader of your business report to commit substantial resources--financial, human, or physical--to a project. The decision-maker will not make the decision because you think is a good concept. Rather, you will need to convince the reader by providing hard facts and data with appropriate citations. Your rationale and reasoning should be explained logically and clearly. Effective business reports are not documents put together at the last minute—they take time to develop.

Style: The style of your business reports should be clear, concise, and to the point. The executive reading the report does not want to be entertained. He or she wants the information necessary to make a decision. Avoid flowery language with lots of adjectives and adverbs. Don't use the term "big nail" if the word "spike" more accurately conveys the idea. I have high expectations. If you want to excel in the business world you should too.

Outline: Most word processing software includes an outlining function. Use it. Begin your business reports by developing an outline to organize your thoughts and the concepts you are trying to convey. The more comprehensive and detailed your outline, the easier it will be to write the report.

Proofread: Carefully proofread each draft of the report. You will probably need three or four drafts before you are satisfied with the report.

Exhibits/Appendices: I do not expect to receive exhibits or appendices with your handwriting on them. Instead, you should have typed exhibit numbers (let me know if you want some help). This includes copying exhibits from other sources. Unless you are using a photograph that cannot be reproduced in

PowerPoint, I expect you to make models, charts, and spreadsheets on your own. This takes time but it is all part of being professional. If you require assistance, please inquire with Dr. Shay.

Due dates: Reports are due on the dates assigned and at the start of our business meetings. Late reports will have the grade lowered accordingly. Late case study analyses will not be accepted and will receive a grade of zero.

Grading: Reports will be graded as if I were an executive trying to make a business decision based upon the written report. **Grading will be competitive. That is, your reports will be graded relative to those turned in by your classmates.** Proper spelling, syntax, grammar, punctuation, bibliography, citations, footnotes, and professional appearance are expected. Your grade may be lowered as much as two full letter grades if these areas are lacking.

Reviewing papers: My policy is not to review student papers before they are turned in for grading. I am, however, willing to discuss the logical reasoning and proposed content of your reports. Before visiting my office you should have made significant progress and should be well prepared.

Plagiarism: Don't do it. I have no mercy. Plagiarism includes taking exhibits from books without giving credit and taking any exhibit from another group.

SELECTING YOUR TEAM MEMBERS

Forming a strong team is central to successful entrepreneurial ventures. Forming such a team for this class is also very important. Selecting individuals with whom you will work during the semester is a key part in this class. **Your decision should not be made lightly.** Although getting along with the other members of your team is important, for the assignments are required to do in this class it is much more important that you select team members with a wide range of skills and abilities. This means that you should come to class on the scheduled day prepared with questions that you will ask other students regarding their industry experience, relevant course work, work styles, and motivations for taking advantage of the learning opportunities provided in this course. I will provide ample time during this class for you to assess who will be a member of your team. I will also set the group size and require that all groups comply. This might mean that some smaller groups may be divided up in order to fill out other groups. Each team, once established, will turn in a sheet of paper listing the members of and a name for your team.

TERMINATION OF ONE OR MORE TEAM MEMBERS' CONTRACTS

Due to the nature of the group work required in this class, there is the option that individual contracts with a particular group may be terminated at any time up to the last week of the semester. To terminate a contract, ALL other team members must agree with the termination and submit a signed statement describing why the contract has been terminated to Professor Shay and to the individual being dismissed. Individuals who are dismissed from their group have two choices: 1) complete a business plan and any other group work on their own, or 2) negotiate entrance into another group in the class.

Termination letters should first be presented to Professor Shay and should be in business language and style. Please see Professor Shay if you would like further details.

PEER EVALUATION OF TEAM MEMBERS

Online forms have been developed for evaluating the performance on case studies and the business plan. **I strongly suggest that you check these forms out early in the semester so that you fully understand the criterion on which you will be evaluated.**

In addition, this form asks that you evaluate your own contribution to the class and the contribution that your team members made to the class as well. I will use these grades along with my own to evaluate the class contribution of each student.