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MGMT 348.02: Entrepreneurship

Richard L. Wishcamper

University of Montana - Missoula

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University of Montana School of Business Administration

MGMT 348 - Entrepreneurship

Instructor: Rick Wishcamper
Office: 342
Phone: 243-5695
Email: rick.wishcamper@business.umt.edu

Office Hours: MWF 2:10-3:30

Text: Bygrave: *The Portable MBA in Entrepreneurship*
Bygrave: *The portable MBA in Entrepreneurship*
Whyte: *Crossing the Unknown Sea*

Class Time: Section 1 MWF 12:10-1:00 GBB L09
Section 2 MWF 1:10-2:00 GBB L09

Teaching Philosophy and Class Expectations:

Course Objectives:

To instill in each student the belief that upon completion of the class that they possess a foundation of skills and knowledge that will enable them to effectively evaluate new venture opportunities and increase their odds of successfully starting a business.

The central focus of the course is the critical role of opportunity creation and recognition, and the entrepreneur as the principal success factors in starting and growing a new venture. The course is especially relevant for aspiring entrepreneurs bent on launching and growing a business that is quite profitable and can exceed several million dollars in sales. In examining the issues and problems facing entrepreneurial ventures the course will seek to achieve the following objectives:

1. Identify and determine the driving forces in a new venture.
2. Identify how successful entrepreneurs and investors create, find, and differentiate profitable and durable opportunities. In particular, how they tell these opportunities apart from just “other good ideas”.
3. Evaluate and determine how successful entrepreneurs and investors create and build value for themselves and others.
4. Identify and determine the necessary financial and non-financial resources available for new ventures, identify the criteria they use to screen and evaluate proposals, their attractiveness and risk, and how to obtain start-up and early growth capital.
5. Determine the critical tasks to be accomplished, the hurdles to be overcome during start-up and early growth, and what has to happen to succeed.
6. Apply the opportunity screening criteria to actual start-up ideas, and subsequently develop a business plan and business plan presentation suitable to present to investors and industry participants.
7. Develop and analyze integrated financial projections for start-up ventures.

Course structure:

The course will have two components: weekly text chapters with accompanying case modules and a written business plan for a proposed new business venture.

Students will work in teams to create a complete business plan for a proposed new or expanding venture. The business plan is a **major** project due at the end of the term. Business plans are the road maps used by entrepreneurs in planning new ventures and are absolutely necessary in soliciting financing. Business plans should closely follow a standard format to be discussed in class and should include a complete set of integrated pro forma financial statements. The business plans should clearly define the opportunity, potential markets, entry strategy, financing strategy, and most importantly the financial viability of the proposed venture. ***I expect the business plans to be of exceptional quality***, to the level that students would feel comfortable approaching investors. In class we will discuss the overall architecture of a business plan as well as the different components of a business plan – the company and strategy, marketing, competition, etc. Students will be encouraged to talk about their business plans in this context and I hope that the members of the class will be a valuable resource for each other in addressing questions about the business plans.

The other component of the class will be weekly readings from the textbook and associated case modules. Students will be expected to read each assigned chapter and case study ***and come to class prepared to discuss the case***. There will be **random quizzes** throughout the semester on the various reading material.

Course Prerequisites:

This course has several prerequisites. As a student enrolled in an upper-level course, I expect that you have significant proficiency in all business disciplines (i.e., accounting, finance, marketing, organizational behavior, human resource management, etc.). With this in mind, if you feel weak in any specific area(s) you should be prepared to allocate extra time to rejuvenate your skills. During the semester we will be engaging in high-level discussions that will require you to have such expertise. If at any time you feel like class discussions are not clear, please be sure to meet with me after class and I will be sure to clarify and/or point you in the direction of additional sources of information.

Warning: This class requires significant financial skills in order to contribute to your group's work. Writing a business plan, a central part of this course, requires skills beyond coming up with a novel idea for a business. It requires understanding the interconnectedness of income statements, balance sheets, and cash flow statements. You may want to review your old texts. If you are weak in finance, or do not prefer courses with financial content, then please speak with me further. Additionally, you should be proficient using spreadsheet programs such as Excel, if you are not comfortable with such software you will need to get yourself up to speed by the middle of the semester.

Attendance and Participation Policy:

Student participation and interaction are crucial to the success of this course. The opportunity for students to gain insight into different perspectives on entrepreneurial issues is of tremendous value. This can only be accomplished if students come to class consistently and are prepared to participate with questions and observations. In addition, the class is designed to build sequentially, from module to module. Therefore, only two absences without an official University excuse will be allowed. For each additional absence your course grade will be lowered 1/3 of a letter grade.

Grading:

Case preparation and in class assignments	30%
Business plan and presentation	35%
Midterm exam	15%
Quizzes	15%
Class participation	<u>5%</u>
	100%

Late Work:

Late work will not be accepted. All assignments will be due on the date specified by this syllabus unless otherwise announced. All chapters and assignments are DUE on the date listed below. Failure to complete an assignment or to have read a chapter by the due date will result in a zero for that class session.

Course Changes and Communication:

In order to be responsive to your needs and interests, I reserve the right to make changes to the schedule throughout the course of the semester. Any changes will be announced in class.

Class Schedule and Assignments:

<u>Date</u>	<u>Topic</u>	<u>Chapter</u>	<u>Case/Assignment</u>
1/27	Class Introduction		Hand Out - Believe!
1/29	The entrepreneurial process	1	
1/31	The entrepreneurial process		Case: Jack Sprat's Restaurant (1pg paper due)
2/3	The entrepreneurial personality		
2/5	Team/Resources	No reading	Team Formation (Bring 5 copies of resume)
2/7	Opportunity recognition	2	Idea generation guide exercise (In class)
2/10	Opportunity recognition	No reading	Idea Contest – bring 5 new venture ideas
2/12	Opportunity recognition		Case: Scott Tomkins (1pg paper due)
2/14	The business plan	5	
2/17	Holiday No Class		
2/19	The business plan		Case: Beautiful Legs by Post (1pg paper due)
2/21	Marketing	4	
2/24	Intro to Accounting	Oh No! Not Accounting!! (no reading)	
2/26	Entrepreneurial Finance	7	
2/28	Entrepreneurial Finance	8	
3/3	Creating ProFormas	6	
3/5	Creating ProFormas		Optional Computer lab 5-8pm L26
3/7	Creating ProFormas	No reading	Optional Computer lab 5-8pm L26
3/10	P5F (mandatory attendance)		Mid-term exam (Take home)
3/12	Mid term help session (optional)		Mid-term exam (Take home)
3/14	Mid term help session (optional)		Mid-term exam due 5pm
3/17	Risk Management		
3/19	Entry strategies	3	
3/21	No Class		Business Plan Paper due 5pm
3/23	Financing Opportunities in MT		no reading
3/26	SPRING BREAK!!		

3/28	SPRING BREAK!!	
3/30	Buying a business	no reading
4/2	Buying a business	Case: Shaker Circuits (1pg paper due)
4/4	Franchising	12
4/7	Franchising	Case: Bagelz (1pg paper due)
4/9	Business plan workday	Bring 3 copies of your b-plan to class
4/11	Harvest/Valuation/Deal structure	14
4/14	Legal and Tax	10
4/16	Leadership	Crossing the Unknown Sea P3-82
4/18	Leadership	Crossing the Unknown Sea P82-152
4/21	Leadership	Crossing the Unknown Sea P153-245
4/23	Presenting your business plan	No reading
4/25	No Class	BUSINESS PLANS DUE 5PM!
4/28	Presentations	
4/30	Presentations	
5/2	Presentations	
5/5	Presentations	
5/7	Presentations	
5/9	Presentations	

.** Refer to the sections below for the requirements of the business plan paper due 3/21 and the Business Plan due 4/25

CASES

The case study component of the class will rely heavily on student participation. Students should come to class prepared to discuss each case from the perspective of the lead entrepreneur of the business in the case. Please have an opinion and be ready to defend it. Additionally, students will be expected to write a one-page paper for each case identifying the key issues in the case and outlining how they would address those issues if they ran the business in the case. Further, I will **call on students in class** to open the case and to discuss the pertinent issues. I expect students to be prepared and to participate.

For each case, students will be required to write a one page paper outlining the critical issues of the case and provide ideas for addressing those issues. I do not want a simple summary of the case. Students should think about the underlying issue driving the situation. Time is a limited resource for entrepreneurs; the ability to identify and deal with the key issue in a situation is critical. Cases will be due at the end of the class session in which the case is discussed and will be graded on a pass-fail basis. I expect the cases to be written at a professional level – grammatical errors, spelling mistakes, and typos will be cause for a failing mark. Proof read your papers carefully. If you need help with writing I will be glad to meet with you individually.

QUIZZES

There will be random quizzes given throughout the course of the semester. The quizzes will primarily cover material from the various readings assigned as homework; however, any material covered in lecture, case discussions, and in class assignments will be fair game. Students will be allowed to drop one quiz. As students can drop one quiz, there will be no make-up quizzes.

BUSINESS PLAN PAPER (Due 3/21/02)

The Business Plan Paper is a checkpoint to make sure that your new venture idea is feasible and that pertinent information is accessible. This paper should be no less than 3 full pages and **MUST** include a description of your business, a 3M's market analysis, and a Porter's 5 forces industry/competitive analysis. This paper is **NOT** a rough draft – I expect it to be a finished product of professional quality that you can later incorporate into your final Business Plan.

BUSINESS PLAN FINAL REPORT AND PRESENTATION

Business Plan (due by 5pm April 25th –no exceptions)

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 (1.5 spaces, 12 point font, .5 inch margins). You are to **submit two high quality copies of the final business plan**. 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, you have many resources available to you in researching and writing your plan; identify your resources early and use them as much as possible. Resourcefulness is a character trait of successful entrepreneurs and will be rewarded in this class.

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.

Past students have found it helpful to look at sample business plans to get an idea of what a good plan entails and a sense of my expectations. I have samples available in my office or students can find samples at this link to Dr. Shay's web page.

http://www.business.umt.edu/faculty/Shay/class/MBA694/mba_694_Sample_Business_Plans.htm

Final Business Plan Presentations

Your group will provide a presentation of your business plan to the class during one of the final class sessions. I 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. 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.

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 you 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 February 5th 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.

You will receive a **group grade** for all group assignments. I will not make adjustments for who contributed what to your project. You are responsible for managing your group. In business, no one will care if you fail because of a team member, what they will care about is if you made the sale or did not make the sale, if you got the client or did not get the client, if you succeeded or failed. Thus, take responsibility for choosing your group members and take responsibility for managing your group. However, I expect all members of a team to participate in all group assignments. If a group member is not pulling their weight, team members can file a complaint with me and can ultimately decide to fire the offending team member.

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 Wishcamper 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.

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 and every paper prior to turning it in. At this point in your academic careers, you should be producing professional quality work. I will NOT be lenient when evaluating sloppy work.

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 do not hesitate to ask.

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. 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.

Plagiarism: Don't do it. Plagiarism includes taking exhibits from books without giving credit and taking any exhibit from another group. Plagiarism will result in a failing grade.