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BMGT 486.02: Strategic Venture Management

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BMGT 486  STRATEGIC VENTURE MANAGEMENT
BMGT 486 – Strategic Venture Management

**Instructor:**
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**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 Modeling, which draw heavily from the fields of marketing, 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 a business model. This class has multiple facets to it: readings, case studies, discussions, individual assignments and, finally, a Business Model Project (BMP) development and presentation. The BMP will be a team-based, semester-long project where you will be asked to conduct an in-depth business model analysis and make recommendations at the end. 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**

To help refine these skills, one of the main deliverables in this class will be a Business Model Pitch. The project throughout the semester, with the final pitch, is based on ideas for a business

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selected by you and reflects the strategic and operational frameworks and tools that can help make sense of the vast amount of information needed to identify, appraise, and develop a business opportunity. Working in teams, you will put together the plan based on a feasible (!?) idea from one of your team-mates. This exercise will prompt you to develop a top-down and bottom-up approach to building the individual building blocks of your business models and, finally, integrating them into a cohesive whole. As such, this BMP 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:

**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 (20% 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 20% participation grade is your contribution to your team’s 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 to analyze the various building blocks of your company’s business model, highlight strengths and weakness, and help nail down to what extent the business can improve its business model, if at all. I will ask each team to sign up to the Canvanizer later in the semester.

Grading & Assignments:

Reading Comprehension Quizzes 15%
Business Model Presentations 15%
Individual Case Assignments 20%
Class Participation (incl. peer review) 20%
Final Business Model Presentation 20%
Individual Write-Ups 10%

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. 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.** Should you miss **MORE THAN FOUR (4) CLASSES, excused or unexcused**, it will reflect on your 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

**The Business Model Project:**
The BMP affords you a unique opportunity to evaluate a business from multiple perspectives (competitive, marketing, financial, etc.). A few weeks into the semester I will put you into a team and assign a company. The company may be a start-up, an established company, a franchise opportunity, or a turnaround opportunity – in all cases, the company will be privately-held. Over the course of the semester your team will dissect the company’s business model, layer-by-layer, and make presentations on your findings. Because these are privately-held companies you will have to make assumptions. But recognize that there are good assumptions and there are bad assumptions...that is, some can be substantiated, whereas others are just off-the-mark assumptions. **NOTE: should you have an opportunity (e.g., start-up, family business, etc.) that you would like to propose for your team to work on, please approach me. I will evaluate the conduciveness of the idea/company for the purpose of the project.**

For those of you interested in entrepreneurship, the BMP will provide you with the basis for validating and launching an opportunity. It will also give you all the building blocks necessary for a business plan, should you choose to participate in either the fall or spring SoBA Business Plan competition. The Business Plan 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. 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/ and http://missoula.startupweekend.org/.

**Team Work:**
The plan development will be team-based.

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, and from my experience, 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. 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:

August 26: Introductory Session

August 28: What’s a Business Model?
Read: Business Model Generation, pp. 14 – 44 + p. 59 (3 core biz types)
Read: Why Business Models Matter, J. Magretta

Week 2:

September 2: Ideas, Sources and Types of Innovations
Read: Business Model Generation, pp. 134 - 142
Read: Discipline of Innovation, P. Drucker

September 4: Blue Ocean Strategy – The Door to the Value Proposition
Read: Blue Ocean Strategy: From Theory to Practice, by Kim & Mauborgne
Read: Business Model Generation, pp. 226-231

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

Week 3:

September 9: Value Proposition & Customer Segments
Read: Business Model Generation, pp. 20-25 + 127 - 133

September 11: Case: Zappos.com: Bring the Shoe Store to Your Home

Week 4:

September 16: Reading Quiz #1
(Hand out Individual Assignment #1, due beginning of Week 6.)
Teams & Companies Assigned

September 18: Market Sizing & Customer Relationships
Read: Business Model Generation, pp. 26-29
Read: What is Your TAM, SAM and SOM?

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

**Week 5:**

September 23: Revenue & Profit Patterns & Channels  
Read: *Business Model Generation*, pp. 30-33 + pp. 56 – 108

September 25: *TEAM BMP Presentation #1*

**Week 6:**

September 30: Hand in Assignment No. 1  
Class discussion: *Career Development 1 - Resumes & Cover Letters*

October 2: Case: THE GOOD → Trader Joe’s

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

**Week 7: (Midpoint)**

October 7: Key Activities & Key Partners  
Read: *Business Model Generation*, pp. 36 – 39  
Read: *How to Map your Industry’s Profit Pool*, O. Gadde & J. Gilbert  

October 9: Key Resources  
Read: *Business Model Generation*, pp. 34-35  
Read: [http://www.uspto.gov/about/offices/ous/Cooper_Union_20130604.pdf](http://www.uspto.gov/about/offices/ous/Cooper_Union_20130604.pdf)  
Due: Resume & Cover Letter

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Week 8:

October 14: *TEAM BMP Presentation #2*

October 16: Case: THE BAD ➔ Krispy Kreme
(Hand out Individual Assignment #2, due end of Week 10)

COSTS OF EXPLOITING THE OPPORTUNITY (Week 9 & 10)

Week 9:

October 21: Reading Quiz #2:  
Cost Structure  
Read: Business Model Generation, pp. 40-41; 138 - 139  
Read: The Most Profitable Businesses to Start

October 23: Business Model Financials & Break-even Analysis  
Read: Discovery-Driven Planning, R. Cooper  
Read: Estimating Breakeven Sales for Your Small Business, by Ehmke & Miller

NUMBERS THAT TELL THE STORY (Week 10, 11 & 12)

Week 10:

October 28: Case Study: THE UGLY ➔ RadioShack

October 30: Hand in Individual Assignment #2  
Class discussion: Career Development 2 – Personal Statement & Executive Bio

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**Week 11:**

November 4: *No Class – Election Day*

November 6: *The Trinity of Financials: Income, Balance Sheet, Cash Flow*
*Read: Solving the Puzzle of the Cash Flow Statement*, by Hertenstein and McKinnon
*Due: Personal Statement & Executive Bio*

**Week 12:**

November 11: *No Class – Veterans Day*

November 13: *TEAM BMP Presentation #4*

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**PITCHING YOUR OPPORTUNITY (Week 13, 14 & 15)**

**Week 13:**

November 18: *Linking Strategy and Business Models: Next Steps*
*Read: Business Model Generation, pp. 146-179*
*Read: The 10/20/30 Rule of Powerpoint*, by Kawasaki

November 20: *In-Class Business Model Project Support Session*

**Week 14:**

November 25: *In-Class Business Model Project Support Session*

November 27: *Thanksgiving Break*

**Week 15:**

December 2: *Business Model Project Presentations, 1*

December 4: *Business Model Project Presentations, 2*
*Wrap-up!*

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