BAEP 454 - Venture Initiation - Spring 2015
Tuesday and Thursday 10:00 - 11:50am - Classroom BRI5

PROFESSOR: Patrick Henry  patrick.henry@marshall.usc.edu  310-990-3100
Office Hours: Tue/Thu 8:30 - 9:45am; 12:30-1:30pm; 4:00 – 5:00pm & by appointment & phone

E-Coach & Mentor  Luke Brown  luke.brown@growthink.com  310-350-8279
Office Hours: Tue/Thu 9 – 10am & noon- 1:00pm & by appointment & phone

Prerequisites: BAEP is a four-unit entrepreneur course for undergraduate students. Successful completion of BAEP 452 or 453 is required or professor approval. Also, a condition of admission is this will be the only startup you are working on this semester.

INTRODUCTION AND COURSE OBJECTIVE
This course is the capstone of the Entrepreneur Program, taking a validated business concept and launching each element to create an operational business. This course, taught in a “Master” model partnership with world-class entrepreneurs, is strongly experiential, using your business concept as the primary case study. It builds on the fundamentals of the Feasibility Analysis or E-Challenge Classes to bring your business concept to reality.

In the Venture Initiation class the findings from your previous classes are turned into a living, evolving, execution plan. The goals of your execution plan are multiple – as a road map and a communication tool to attract resources -- to attract team members, strategic partners, suppliers, mentors, advisors, and yes even capital.

In the final analysis, the execution plan is both simple and complex. Simple as it is an invitation to take a next step as opposed to to a complete and detailed outline of every minute point of execution. The goal is to present you and your team to different targets to answer four WHY questions that your audience is consciously or subconsciously asking themselves:

WHY - Is this an attractive opportunity – why does the marketplace need what you are doing?
WHY NOW – is this the time to launch the venture; are there market drivers propelling you forward?
WHY YOU – do you have the team to execute; have you proven your venture to be a ‘winner’?
WHY ME – what’s in it for me (WIIFM); why should I join/invest; why should I care?

Master Teaching Model
• Luke Brown of www.growthink.com will be the Entrepreneur Coach & Mentor and integral part of the course; he has volunteered his time to provide class content & coaching/mentoring for your ventures. Growthink provides wide array of services to early stage ventures to provide mentoring, resources & capital – they work with wide array of ventures in tech, medical & energy sectors. He will be a great addition to our class.

• Entrepreneurs & functional ‘experts’ will be invited for specific classes and be integral to the class.

• Each venture is required to have a mentor & three functional experts (marketing/sales; operations & finance to guide them in the execution plan.

GET OUT OF THE BUILDING! (GOOB)
Peer-to-Peer Comments
While other teams are presenting the results of their bi-weekly experiments and results, the rest of the class is expected to listen attentively, engage and react to what is presented. Sharing insights, experience and contacts with each other is a key way that all the teams will perform at the highest level, and is a significant part of your grade as well.

Learning Objectives
This course prepares you to launch a new venture as a stand-alone enterprise or in a large organization. You will learn the general framework and specific skills to do the following:

- Use the problem-solving approaches and processes of successful entrepreneurs
- Identify and develop sources of sustainable competitive advantage
- Evaluate and develop value propositions, pricing models, and business models
- Develop operational and organizational plans

You will also develop:

- Critical thinking skills: Analyzing data, solving problems, and making decisions
- Creative capabilities in idea generation
- Communication skills in written and oral presentations
- Individual skills in task management and learning skills in a collaborative environment

To achieve these objectives, a combination of methods will be used in the course, including lectures, case studies, individual projects, student presentations, and guest lectures.

COURSE MATERIALS & COMMUNICATIONS

TEXT BOOKS & VIDEO

- “Udacity Lean Startup Video Series” - videos will be viewed through [www.launchpadcentral.com](http://www.launchpadcentral.com) and tracked that you listened in timely fashion.
- [www.launchpadcentral.com](http://www.launchpadcentral.com) – this will be an interactive platform for you up upload your work & for your mentors and instructors to look & comment on your process – it will capture your work as you develop your Business Model Canvas – ID your hypotheses, test & confirm/learn.

READINGS: Articles will be posted on Blackboard or Launch Pad Central. Students are expected to come prepared to discuss and apply the readings as assigned in Class Schedule – this is part of your participation grade. You can volunteer as well as be randomly called to lead class in discussion.

Students are expected to come prepared to discuss and apply the readings as assigned in the Class Schedule. Consider how you would apply following questions to the reading and then be prepared to answer during class discussions and group interaction.

1. What was the main message or "take away" you derived from the reading?
2. What did you find most useful from the reading?
3. How can you apply what you learned to your venture?
**LIVING CASES:** During the semester, entrepreneurs and experts in their fields will be guest speakers – you will have opportunity to learn from the pros. Attendance at these sessions will be critical for developing your execution plan. Please do your research in advance and be prepared to ask insightful questions. Please dress appropriately.

**Course Notes**
Session slides will be posted on Blackboard the day after each class.

**Course Communication**
When contacting us, email is the most effective means of communication. We will be happy to meet during office hours or talk over the phone at other times. Please schedule an appointment beforehand via email, even for office hours.

Course communication will take place through announcements in class, emails, and the Blackboard system. By default, Blackboard uses your USC email address ([username@usc.edu](mailto:username@usc.edu)) for sending emails; if this is not your primary email account, please make sure to change the Blackboard email setting or to forward your USC email to the account you use. **You are responsible for ensuring that messages will not bounce back due to your storage quota being full.**

**Two key points:**
- All material posted or emailed by the professors in Blackboard or Launch Pad Central will be assumed communicated to students and they are responsible accordingly.
- All papers will be due in a ‘hard copy’ in class; bring two hard copies to each class - one to turn in prior to class and one for discussion as well as posted in Blackboard.

**CLASS ASSIGNMENTS AND GRADING**
The first week of school you will receive a weekly class schedule lists the discussion topics, outlines the assignments and defines the due dates for the semester. I am certain that there will be some confusion and you need only ask for clarification in advance. Being late or not meeting the expectation after the fact or because you did not understand the assignment is disappointing for both of us.

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<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Assignment</th>
<th>Points</th>
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<tbody>
<tr>
<td>1</td>
<td>15-Jan</td>
<td>3-Minute Pitch - Venture to date</td>
<td>50</td>
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<tr>
<td>2</td>
<td>20-Jan</td>
<td>Complete BMG Canvas for Venture</td>
<td>50</td>
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<td>4</td>
<td>5-Feb</td>
<td>Mentor Agreement</td>
<td>100</td>
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<td>6</td>
<td>19-Feb</td>
<td>Market Entry - Channel - Rev/Pricing</td>
<td>200</td>
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<td>8</td>
<td>5-Mar</td>
<td>Ops Plan - Resources/Partners</td>
<td>200</td>
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<td>9</td>
<td>10-Mar</td>
<td>3-Minute Demo - Venture to date</td>
<td>100</td>
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<td>10</td>
<td>26-Mar</td>
<td>Team - Advisors - Gurus</td>
<td>100</td>
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<td>11</td>
<td>31-Mar</td>
<td>Financial Model</td>
<td>200</td>
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<td>11</td>
<td>2-Apr</td>
<td>Executive Summary</td>
<td>100</td>
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<td>13</td>
<td>14-Apr</td>
<td>Final Execution Plan</td>
<td>400</td>
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<td>13</td>
<td>16-Apr</td>
<td>Elevator Pitch</td>
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<td>14</td>
<td>w/o 21 Apr</td>
<td>5-Minute Venture Demo</td>
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<td>15</td>
<td>28-Apr</td>
<td>8-Minute Final Presentation (Top 5)</td>
<td>50</td>
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<td>15</td>
<td>28-Apr</td>
<td>#1 - 50; #2 25; #3 15</td>
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Individual Participation 200
GOOB Discovery 200
Bi-Weekly Lessons Learned 200

**Semester Total** 2500
Project Deliverables
All papers will follow the format:

- One inch margins all around – 1½ line space
- 12 point font size (sans serif font; Arial preferred)
- Stapled if more than 2 pages (not stapled -10%)
- Graders posted in BB (some don’t need one) stapled to front of assignments (no grader -10%)
- Proper citations - personal interviews much more valuable than web searches (for Projects #1/2)
- Turned in Electronically to Blackboard (Safety Net) by due date
- Hard Copy turned in before the beginning of class

Writing Style
Entrepreneurs and their resources do not have time to read novels! All papers must meet the three C rule - Clear, Concise and Compelling. Please make conclusions up front and clear, using headings, bullet points, and other simple ways to convey your point of view to allow the reader to grasp your message quickly! The easier the reader can understand the paper, the better the score of the paper. (Use the syllabus as an example of CCC writing style.)

On-time paper delivery is in class before the beginning of the class starting time (3:59PM). Students and teams must also upload assignments to Blackboard prior to in-class deadline. The following deductions apply for late submission of the course work:

<table>
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<tr>
<th>Submission period</th>
<th>Late delivery penalty</th>
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<tr>
<td>Submission between 10:00am &amp; end of class</td>
<td>5% loss of score</td>
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<tr>
<td>Submission by end of day</td>
<td>10% loss of score</td>
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<td>Submission next day</td>
<td>20% loss of score</td>
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<td>Submission 2 and 3 days after the date due</td>
<td>35% loss of score</td>
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<td>Submission between 4 and 7 days after the date due</td>
<td>50% loss of score</td>
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<td>Submission 7 days after date due</td>
<td>NO SCORE</td>
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If you are excused or must be absent for a class meeting, deliver your hard copy of your work to the office at Bridge Hall #1 before the class time in order to be considered on time. Assignments will only be accepted in class on the due date. All late submissions need to be turned in to the office to be date and time stamped.

Returned Paperwork
All of your assignments will be graded and are available for you to pick up at the Greif Center office in Bridge Hall #1. Unclaimed assignments by a student, will be discarded after four weeks and hence will not be available should a grade appeal be pursued by a student following receipt of his/her course grade.

Evaluation of Your Work:
You may regard each of your submissions as an “exam” in which you apply what you’ve learned according to the assignment. I will do my best to make my expectations for the various assignments clear and to evaluate them as fairly and objectively as I can. If you feel that an error has occurred in the grading of any assignment, you may, within one week of the date the assignment is returned to you, write a memo (turned into Greif office & time stamped) in which you request that I re-evaluate the assignment and explain fully and carefully why you think the assignment should be re-graded. Turn in the original assignment with copy of the email memo to the Greif office. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.

Grading Summary:
Final grades represent how you perform in the class relative to other students. Your grade will not be based on a mandated target, but on your performance. Historically, the average grade for this class is target a 3.3 GPA. Three items are considered when assigning final grades:
1. Your average weighted score as a percentage of the available points for all assignments (the points you receive divided by the number of points possible).
2. The overall average percentage score within the class.
3. Your ranking among all students in the class.

**Technology Policy**
Inappropriate use of technology devices will result in a loss of participation points as it is disrespectful to the professor, speakers as well as the other students. Unless part of class exercise, there will be **NO INTERNET CONNECTIVITY** during class by any device. Videotaping faculty lectures is not permitted, due to copyright infringement regulations. Audiotaping may be permitted if approved by the professor.

**COURSE DELIVERABLES:**

**3-Minute Demo of Venture - Jan 15th – 50 points**
Each entrepreneur will update professors & peers of their venture so our cohort learns about what you have done & next steps. Please have a 4 page PPT presentation (bring 3 sets – one full size page to present from the doc camera & 2 sets printed 4 slides to the page for ProfPH & Luke). You should cover:

- What **pain** (make it real so we feel it) are you addressing & how you validated it is real & motivating
- **Customer** – who are your initial target customers/users (be very specific, i.e. “professional married women, on Westside with children” – not ‘women’ – and how you have validated they ‘will buy’
- Your product/service as **Solution** – demo MVP or what you have to make it real
- **Major challenge/obstacle** in moving ahead, NOW!

**BMG Canvas of Venture – Jan 20th – 50 points**
Each entrepreneur will present a clear & concise BMG Canvas – all 9 sections filled out and for each element identify with one of following:

- “H” for it’s still a hypothesis (guess)
- “V” for you’ve validated it
- “E” for you are executing, moving forward.

**Mentor Agreement – Feb 5th – 100 Points**
Each venture must have a Mentor who has entrepreneurial & domain experience by week 4. Note we will hold a Mentor Mixer the evening of January 27th on campus. The agreement can be downloaded from BlackBoard.

**Market Entry – Channel – Revenue Model/Pricing Tactics - Feb 19th 200 Points**

- **Get – Keep – Grow Customers/Users** – the key to a new venture is the ability to build their customer base
- **Channels to Reach Customers/Users** - the most effective way of reaching your customer via channels, i.e. most new ventures can’t afford to shotgun their way into the market & the economics of channels.
- **How will you make $$**
  - **Revenue Model Strategy** - What are the possible revenue streams/models & which will you choose (if only user based & no revenue, be prepared to show massive growth in users!)
  - **Pricing Tactics** – how will you price your product/service to each segment to maximize your return

**Deliverable:**

- Succinct 3 page max paper which delineates the key steps & activities for acquiring customers & users
- Full-sized PPT slides for Market Entry to present - 2 sets PPTs printed 3-slides to page
- You Mentor must sign off they have reviewed & critiqued.
**Ops Plan – Resources & Partners – Mar 5th - 200 points**
Details to be posted in BB

**Team Building - Advisors & Guru Mar 26th – 100 points**
Details to be posted in BB

**Financial Model - - Mar 31st – 200 points**
Details to be posted in BB

**Executive Summary – Mar 2nd – 100 points**
Details to be posted in BB

**Final Execution Plan – Apr 14th – 400 points**
Details to be posted in BB

**Elevator Pitch – April 16th – 100 points**
Details to be posted in BB

**5-Minute Demo Pitch – w/o Apr 21st 200 points**
Details to be posted in BB

**Final Presentation Greif Advisory Board (Top 5) – Apr 28th – 100 points**
Details to be posted in BB

**Individual Participation – 200 points**
Participation is evaluated based on your level of involvement in class discussions – both the quality (relevance and insightfulness) and quantity (frequency) of your participation. **A significant part of your participation evaluation is the quantity and quality of the peer feedback you to give to the other teams as they make their bi-weekly updates.** At the end of the semester you will be asked to complete a self-assessment of your participation.

1. Attendance at class sessions is critical. We may discuss material not found in the textbook or articles as well as conduct in-class exercises. You can miss one class without penalty—no questions asked, no need to let me know. Further absences will reduce your participation grade. If you miss a class, you are responsible for staying up-to-date on course content and assignments. Please download class slides from Blackboard and check with classmates or me regarding potential handouts and announcements.

2. Show up on time and stay until the end (no bathroom breaks unless emergency) —it is disruptive to your classmates’ learning experience if you arrive late or leave early.

3. Participate actively in classroom discussions and in-class exercises. Effective class participation consists of analyzing, commenting, questioning, discussing, and building on others’ contributions. The ability to present one’s ideas concisely and persuasively and to respond effectively to the ideas of others is a key entrepreneurial skill. Complete the assigned readings for the class and complete any associated hand ins plus timely viewing of ALL Udacity videos and quality of peer-to-peer & within your Launch Pad Central software.

4. Make good use of guest presenters’ time. **Come prepared to class with questions for professor and especially outside Gurus & Living Case speakers!** Thoughtful questions are indication of learning.

**GOOB Discovery – 200 points**
Getting out of the building and making at least 3 quality “customer discovery’ contacts per week as measured in LPC. The insights and impact of your venture as we move through the semester as demonstrated by canvas updates.
Bi-Weekly Lessons Learned Presentations – 200 Points
Each venture team will make four updates during the semester and prepare a 6-7 minute presentation – a summary of the findings from previous two weeks & the impact on the venture – the focus should be on the topics discussed the prior two weeks. If you have pivoted or re-exploring topics from early part of the semester, you should highlight the changes. Prepare a four-slide presentation:

Slide One
- Title Slide – Team Name & members
- Number of customer discovery interviews past two weeks
- Short description of what the team has done & the accomplishments (make the audience care)

Slide Two
- Updated BMG Canvas imported from LPC – changes shown in red
- Multi-sided customers segments in different colors

Slide Three
- What did you learn about the “topics” from Udacity Videos you were focusing on past two weeks?
  - Hypothesis – here’s what I thought
  - Experiment – Here’s what I did
  - Result – Here’s what I found
  - Action – Here’s what I am doing next

Slide Four
- What were the major lessons learned the past two weeks?
- How will that impact your venture?
- What are the next steps?

CONFIDENTIALITY POLICY:
Throughout The Entrepreneur Program’s classes and events, students will be exposed to proprietary information from other students, guest lecturers and faculty. It is the policy of The Entrepreneur Program that all such information is to be treated as confidential.

By enrolling in and taking part in The Entrepreneur Program’s classes and activities, students agree not to disclose this information to any third parties without specific written permission from students, guest lecturers or faculty, as applicable. Students further agree not to utilize any such proprietary information for their own personal commercial advantage or for the commercial advantage of any third party.

In addition, students agree that any legal or consulting advice provided without direct fee and in an academic setting will not be relied upon without the enlisted opinion of an outside attorney or consultant, without affiliation to The Program.

Any breach of this policy may subject a student to academic integrity proceedings as described in the University of Southern California University Governance Policies and Procedures as outlined in Scampus, and to the remedies that may be available at law.

The Entrepreneur Program, the Marshall School of Business and the University of Southern California disclaim any responsibility for the protection of intellectual property of students, guest lecturers or faculty who are involved in The Entrepreneur Program classes or events.

Receipt of this policy and registration in our classes is evidence that you understand this policy and will abide by it.
Our entrepreneurship program website is http://www.marshall.usc.edu/entrepreneur.

On it, you will find information about the program and bios and photos of the faculty and staff. You also have your own section where you can find a current schedule of events, bios of guest speakers, and the latest information and tips for entrepreneurs.

MARSHALL GUIDELINES

Add/Drop Process
In compliance with USC and Marshall’s policies classes are open enrollment (R-clearance) through the first week of class. All classes are closed (switched to D-clearance) at the end of the first week. This policy minimizes the complexity of the registration process for students by standardizing across classes. I can drop you from my class if you don’t attend the first two sessions. Please note: If you decide to drop, or if you choose not to attend the first two session and are dropped, you risk being not being able to add to another section this semester, since they might reach capacity. You can only add a class after the first week of classes if you receive approval from the instructor.

Statement for Students with Disabilities
Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to TA) as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

Statement on Academic Integrity
USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. All students are expected to understand and abide by these principles. SCampus, the Student Guidebook, contains the Student Conduct Code in Section 11.00, while the recommended sanctions are located in Appendix A. http://www.usc.edu/dept/publications/SCAMPUS/gov/

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: http://www.usc.edu/student-affairs/SJACS/ Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

Emergency Preparedness/Course Continuity
In case of emergency, and travel to campus is difficult, USC executive leadership will announce an electronic way for instructors to teach students in their residence halls or homes using a combination of Blackboard, teleconferencing, and other technologies. Instructors should be prepared to assign students a "Plan B" project that can be completed at a distance. For additional information about maintaining your classes in an emergency please access: http://cst.usc.edu/services/emergencyprep.html

Please activate your course in Blackboard with access to the course syllabus. Whether or not you use Blackboard regularly, these preparations will be crucial in an emergency. USC’s Blackboard learning management system and support information is available at blackboard.usc.edu.
Class Notes Policy:
Notes or recordings made by students in this class based on lectures, on discussion group, or on class discussions may only be made for the purposes of individual or group study, or for other non-commercial purposes that reasonably arise from your membership in this class. Permission to make notes or recordings falls within my discretion as the instructor and as informed by instructional purposes, classroom order, property interests, and other reasonable considerations arising in the academic context. Notes and recordings of this class may not be exchanged or distributed for any commercial purpose, for compensation, or for any purpose other than your personal study, this includes all posted lecture notes, power points and other materials provided. Unless authorized by the University in advance and explicitly and in writing permitted by me, commercial or any non-personal use of class notes or recordings constitutes an unauthorized commercial activity in violation of the Student Conduct Code, and students who violate this policy are subject to University discipline. As the instructor in this course, I retain intellectual property rights in the lecture material pursuant to U.S. copyright law and California Civil Code 980(a)(1). Misuse of course notes or recordings derived from lecture material may also subject you to legal proceedings.