

USC Marshall

School of Business

*Lloyd Greif Center for
Entrepreneurial Studies*

EMBA SD IX Themes 8/9 Entrepreneurship

This theme first provides an introduction and overview of the fundamentals of entrepreneurship. Bringing together the disciplines of marketing, finance, product development, and management, it presents an integrative perspective into the process of starting a new business. Whether you already have an idea and are eager to start your own business, or if you are in the discovery phase seeking to find a new idea, or if you simply want to learn more about what an entrepreneurial career would be like, this theme exposes you to the challenges of entrepreneurship, and will introduce you to the entrepreneur's mindset and basic toolkit.

Initially, we will examine what entrepreneurship is all about. Is it a gift or a developed skill? Is it nature or nurture? Can it be taught? Is it applicable only to an individual or can entrepreneurship be a part of a corporate culture? The course traces new venture creation from the first perception of an opportunity to the point of value realization. Along the way, we will look at testing/adapting the business concept, defining a marketing and distribution plan using the feasibility structure. We conclude with determination of resources needs and develop a business plan to attract those resources – people, partners, and investors. Starting a new business from scratch is not the only way of pursuing an entrepreneurial career.

Understanding the structure of starting and growing a company is an all-encompassing format for understanding an entrepreneurial career. It touches all the relevant issues—but there is more to entrepreneurship than passion, desire, and perseverance. Entrepreneurs have a unique mindset, a way of looking at things that is opportunity-focused and creative. It's about passion – doing what you love. It's about creating value. It's about independence and responsibility. In addition, it's about challenge, risk management, persistence, and the ability to innovate – to improve on the old or invent the new. It is our hope that this course will not only provide you with the entrepreneur's toolkit but will also foster this entrepreneurial mindset within you.

Entrepreneurship is not about a single person and it is not about creating an entity from scratch. Entrepreneurship extends its reach to all forms and type of individuals and companies who seek to create value—regardless of whether it is a life style business or an international conglomerate.

We recognize the tight scheduling of your program themes, plus the demands already placed upon you by family, work, etc., does not leave much time in between our sessions. We have kept this in mind when designing this theme.

I am excited about the journey we are about to undertake together.

Steve Mednick
steven.mednick@marshall.usc.edu

949.838.5894 (mobile)

Reasons to embrace the entrepreneurship theme:

How do you know if an idea is any good? In the normal course of business, thousands of new ideas will surface. Which of these are good and which are not? This course provides a structure for considering, defining and evaluating ideas—the feasibility plan. Students will learn how to go from an idea to a concept and then test that concept against the market place, distribution channels and the benefits offered. The final feasibility filter is the funding needed to launch the company or product.

Entrepreneurship is integrative. The disciplines of marketing, finance, product development and management are all brought together in exploring and starting a company. An entrepreneur must know how these disciplines interact. In today's highly competitive world having only one skill set is limiting.

The company of the future is entrepreneurial. To be competitive, companies are moving away from the slow bureaucratic structures of a hierarchical system. In their place, they are assembling a flat, mobile world of the entrepreneurial teams. Knowing the structure and processes of entrepreneurial companies equips you for the future.

The entrepreneurship theme is not limited to students who have an idea and wish to start a business immediately upon graduation. This is a theme for the rest of your life. Most successful graduates spend the first several years learning an industry and gaining general experience. When an opportunity arises, they have the toolset to see, define, test, and then exploit the idea.

Entrepreneurship theme goals:

The entrepreneurship theme provides an introductory **overview of the knowledge and skills needed for entrepreneurial activity** in variety of circumstances and environments. We focus on developing a proactive and effectual way for individuals to determine and pursue their goals. We train individuals to seek innovation rather than optimization. The theme is integrative and multi-disciplinary.

We will **investigate the characteristics, knowledge, skills, and abilities of entrepreneurs.** The theme emphasizes the ways that entrepreneurs think about their situations, and how their mindset affects their ability to find opportunities. Entrepreneurs are optimistic, so students explore how optimism can be learned and applied.

We will **examine how entrepreneurs undertake the tasks necessary for developing entrepreneurial ventures.** We explore how entrepreneurs find, screen, and evaluate ideas and new business opportunities. The process of determining the feasibility of an entrepreneurial venture is emphasized.

A central theme explores the entrepreneurs' toolkit. Some sessions will study techniques for identifying customers, determining their needs, estimating future sales, and offering insights into entrepreneurial marketing strategies and tactics.

We will explore techniques for analyzing the financial requirements of various venture opportunities. Formal and informal sources of capital will be discussed. We will examine how financing deals are negotiated and structured, including the task of determining a valuation for a new venture.

The process of creating the organization, selecting others for involvement, **developing an entrepreneurial culture**, and creating the ethics, values, and practices that lead to a sustainable organization is covered.

We will cover **entrepreneurial alternatives** to independent business creation, ways that entrepreneurs manage emerging firms, and strategies for creating personal value by “harvesting” the venture.

Corporate entrepreneurship-for those students who do not wish to launch their own business, we will explore the tools of innovation used by corporate entities to achieve and sustain a true competitive advantage in today's global business environment.

Entrepreneurship theme readings are in the Reading List included with this syllabus.

Please note: all guests and guest dates are tentative and are subject to change prior to class.

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 any 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 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.

All classes are subject to change as the course proceeds and students and faculty learn of other topics that may be more appropriate.

ESTABLISHING AN ENTREPRENEURIAL FOUNDATION

Friday, February 12, 2016

8:50 AM to 10:20 AM Course Overview; The “E” Mindset

In the first part of this session, we layout the entire theme, including course content, expectations, assignments and deliverables.

We then discuss the mindset of the entrepreneur. What is fact and what is myth? Are entrepreneurs different? If so, how and why? How are these differences manifested?

To understand creation, innovation, and the journeys of entrepreneurs, you must first examine the general myths that surround them and then accept those characteristics and skill sets that set them apart.

This section provides students with an insight as to how entrepreneurs think. Entrepreneurs are not risk taker; they are risk managers. Feasibility is the process by which they assess and manage risk. Feasibility is a combination of first taking an idea and turning it into a concept. That concept is then tested to assess the *market risks*, the *distribution risks*, the *perceived value of the benefits* and finally the *financial risks*. Inherent in any new venture analysis are the *people resources* required and their availability.

Primary readings:**What makes entrepreneurs entrepreneurial?**

Saras Sarasvathy

The article seeks to answer the question – is there such a think as entrepreneurial thinking? If there is, is it applicable only to entrepreneurs? How is it different from the thinking process of managers? The conclusion is effectual vs. causal reasoning, but can it be learned?

The Road Well Traveled (Condensed)

Amar Bhide

Bhide argues that given ambition and business skills, everyone can be an entrepreneur. The key is finding right fit between the opportunity and the entrepreneur. His Well Traveled Road is a series of guiding questions to assist the nascent entrepreneur reach the start line.

Secondary readings:**Why Introverts Make Great Entrepreneurs**

Elizabeth Bernstein

The Wall Street Journal, August 24, 2015

The Two Essential Entrepreneurial Types

Piero Formica

Harvard Business Review, August 5, 2015

Suggested reading:**The Art of the Start**

Guy Kawasaki

Penguin Books Ltd, 2004

10:40 AM to 12:10 PM Resiliency

**Carrie Rezabek [DVD]
Founder
Pure Barre**

Launching a new venture truly tests an entrepreneur in so many ways. Things never go as planned. Do you have the capacity to recover quickly from difficulties? In this session, we will be introduced to an entrepreneur that faced many difficulties launching her business. Was she resilient? What would you have done when faced with similar difficulties?

Saturday, February 13, 2016

8:50 AM to 10:20 AM Opportunity Recognition; Concept Development

Opportunity recognition

How do entrepreneurs discover opportunities? How does creativity and innovation occur? Not being able to find the right idea is the number one reason cited by those who wish to start a new business but don't. Is opportunity recognition just luck? Chance? Scholars of entrepreneurship argue it is not. Research on the subject suggests it is the result of information and action.

Concept development

We will also explore concept development. Concept development is the process by which loosely defined ideas and opportunities are given a structure that is used to define and test their worthiness.

Not being able to articulate their venture causes many start-ups to end before they begin. Our time in class will explore the structure and will lead to understanding the steps most common in a start-up.

10:40 AM to 12:10 PM Common Entrepreneur Mistakes

Bart Greenberg, Esq.

Experienced entrepreneurs understand the value of surrounding themselves with trusted advisors. Many entrepreneurs set themselves up for real problems if they don't protect themselves, the business and its intellectual property from the beginning. In this session we will hear from a leading attorney to many early stage businesses about the common mistakes many entrepreneurs make when launching a business.

WEEKEND TWO

FEASIBILITY ANALYSIS/GROUP CONCEPT PITCH/ RESILIENCY/CLASS WORKSHOPS

Friday, February 26, 2016

8:50 AM to 10:20 AM Feasibility Analysis Overview/Surf Air Case Study

We leave our focus of the entrepreneur's mindset and we are now prepared to explore the actions taken by entrepreneurs. Are these actions different from those of managers? Most of the readings to date suggest they are – but they don't get to pragmatic examples that demonstrate exactly what entrepreneurs do in the execution stage.

The model used at Marshall and now being adopted by many other institutions is termed a “Feasibility Analysis.” It was created for two major reasons. The first is that business plans are not a good paradigm to help entrepreneurs launch. This is because business plans almost always are about raising money, which is not the appropriate step at this time, and business plans always show the perfect outcome happening when, in fact, it is building on mistakes and repositioning the components of the concept that create the vast majority of successful startups. The second reason is that feasibility shows all of the possible alternatives when starting a venture making them a perfect teaching paradigm.

After our introduction to Feasibility Analysis, we will discuss Surf Air Takes Flight.

Required reading for class discussion:

Surf Air Takes Flight

Jeremy Dann/Steve Mednick

This case presents how entrepreneurs test the feasibility of going from idea to business launch. Are entrepreneurs risk takers or risk managers?

10:40 AM to 12:10 PM Group Concept Workshop and Project Submission

We have studied opportunity recognition, concept development and feasibility analysis. Now it's time to put these entrepreneurial tools to work for you.

In class group assignment instructions

This in-class project is conducted in teams of 3 to 4 students. The assignment consists of two parts: (1) evaluation of the team members' individual ideas (“opportunity recognition”) and the selection of the best concept to work on further; and (2) for the selected concept, the development of the key elements of a business model (see below). At this stage, you will tell us “what you think” rather than “what you know.”

Between the submission of this written assignment and our class session on Saturday, May 7th, your group will (1) further explore the concept elements and (2) prepare a team stand-up four to five-minute pitch with PowerPoint slides on your selected concept. Two Tech Coast Angel members will judge your pitch.

Written deliverable due by 12:10 PM

- A single team document not to exceed four (4) pages
- A cover page listing the names of all team members (cover not included in the page limit)
- As the document is crafted in class, please email a copy to me prior to the break

Content and grading of the in-class assignment

This in-class assignment is worth 100 points. Please organize your paper as follows:

- Systematically (but concisely) discuss each team member's opportunity based upon your team's criteria. Briefly explain your criteria. Select one opportunity that you believe has the highest potential and explain why this opportunity was selected over the others.
- Craft an initial business concept statement for the selected opportunity setting forth the following elements:
 - Product/service
 - Target customer
 - Distribution channel (how you will reach your customer)
 - Customer benefits

- Revenue model

The ideal concept statement is written as a single paragraph with each element above given one sentence.

Group pitch contest Saturday, May 7

Using your group's selected opportunity, each group will conduct a stand-up four to five-minute pitch to the class and to Tech Coast Angel members. The Tech Coast Angel members will judge the pitches and select the top three teams.

Pitch details

- Each group will prepare a four to five-minute stand-up pitch.
- PowerPoint slides must be used.
- Each team member must present his/her proportionate share of the pitch in order to earn the 100 pitch points.
- The pitch may be designed to present to angels, venture capitalists, customers, alliance partners, bankers, suppliers, distributors, etc. It's your choice. Before you begin the pitch, please inform the judges and the class of your target audience.
- The pitch will be evaluated by the judges on both form and content.
- The judges will select the top three presentations with the team members receiving the following bonus points:
 - First place 50 points
 - Second place 25 points
 - Third place 10 points

Note: Team members must participate in the pitch in order to receive pitch and bonus points.

Suggested pitch elements

- Start the pitch with a "hook" – *i.e.*, something to get the attention of your audience.
- State the problem (pain/need) from the point of view of your potential customers (customers write checks)
- Introduce yourselves and your company by name.
- Clearly state what your company does, such as: "Acme is a software developer of SAAS based accounting software for small to mid-sized businesses."
- Describe how you are going to "do it better, cheaper, faster, etc." Is your solution disruptive?
- Market size – how large? Is it growing? Will the market size allow you to scale your business?
- How will you reach your customers – distribution channel(s). Will you need a sales force? Alternatively, does your target market buy directly from distributors? If distributors, they may be your customers. Will they buy from you? If they merely represent your product/service and are paid on performance, will they take on your product/service?
- Why will your customers buy from you? What are the customer benefits (*i.e.*, save time/money, make you jump higher, increase sales, etc.)?
- How do you make money? Purchase? Rental? License fees?
- What is the revenue potential of your business in the next 5 years?
- Outline your team. What's their background to support a successful launch?
- Create a slide with a competitive matrix. Select two or three potential competitors and lay out feature comparisons.
- What are you seeking from the audience? Money? Sales? Alliance partner? Banking relationship? Be very clear with "your ask."
- Given "the ask," what will you achieve if granted? Show likely milestones – what and when.

In the end, for an investor pitch, they want to know:

Why?

Why Now?

Why You? [Why should they consider an investment in your team?]

Why Them? [What's in it for them? What's the deal? What's the investment opportunity?]

Saturday, February 27, 2016

8:50 AM to 10:20 AM Workshop: Markets/Customers/Distribution Channels/Customer Benefits

Yesterday, your team submitted its initial concept statement. Your concept statement included your initial thoughts about product/service, target customer, distribution channel, customer benefits and revenue model. Today, your team will dig deeper exploring possible alternative customer markets, customers in each market segment, the distribution channels necessary to reach the customers in each market, the likely benefits driving the customer "buy decision" and the likely competition in each customer market.

Written deliverable due by 10:20 AM

This in-class assignment is worth 100 points and is comprised of two matrices as follows:

Each team will present in two matrices what it "thinks" versus what it "knows." However, these matrices will become your roadmap to test customers prior to your final pitch on May 7th.

Market Segment Grid

To understand and appreciate the alternatives presented to the customer and the relative position of your own proposal, the market segment grid creates a matrix that should indicate the segments along one axis and the size, primary customers and primary players, and other characteristics along the other axis.

Working Customer Grid

Using your Market Segment Grid, now prepare a working customer grid listing all of the alternative customers you are considering, the means by which you will reach each of your potential customers and the benefits you will transfer to them. In the fourth column list your primary competitor(s).

10:40 AM to 12:10 PM Opportunity Recognition; Understanding Ourselves

Steven Myers
Founder
SM&A

How do we know if we have what it takes to be an entrepreneur? What are the characteristics of an entrepreneur? Have we prepared ourselves for the moment when an opportunity appears? How do we know if the opportunity is real? Are we willing to pay the price for success?

For this session, please read the following vignette and come to class addressing the questions below. You will not be turning in your thoughts but, rather, use them to prepare for this session. When our guest has concluded, we will discuss the key lessons learned.

Vignette

You graduated from one of the best universities in America with a technical degree. You put your extensive education to work in the aerospace industry. Over the next several years, you worked hard and move up the ranks.

Unexpectedly, while at lunch with the president of your company, he tells you that someday you will run your own business. You're stunned, as you never thought about owning your own business. He says that you're an entrepreneur and that it's only a matter of time. Intrigued, you continue to keep your head down and within a year are offered the position of vice president, sales & marketing of a mid-sized aerospace company. Life is good for you and your family. Your corporate career is certainly on the right path. Then, out of the blue the telephone in your office rings. It's an old friend, and he has a problem. On that fateful day your corporate career is challenged in favor of a very different path. How did this happen? Why you? What do you do?



Pre Class One Page Write-up

In one page or less (bullet points are acceptable), discuss how you might prepare yourself for the opportunity of a lifetime? How do you know if the “call” is real? When should you “stay the course” in a corporate career rather than venture out on your own? How do you know if you have what it takes to go it alone?

WEEKEND THREE

THE FUNDING LANDSCAPE–FEASIBILITY PLAN REVIEW–STUDENT WORKSHOP- ENTREPRENEUR TO ENTREPRENEURIAL CEO

Friday, April 22, 2016

8:50 AM to 10:20 AM The New Venture Financial Roadmap/Angel Financing

The funding landscape is often confusing for entrepreneurs. When is equity funding available? What are the stages of equity funding? How much ownership in the company does the founding team have to give up to receive equity funding? What are the expectations of the equity funders? We will explore all of these topics and more.

Primary reading:

What Angel Investors Value Most When Choosing What to Fund
Harvard Business Review, August 6, 2015

Nicole Torres

Suggested reading:

Fool's Gold? The Truth Behind Angel Investing in America
Oxford University Press, 2009

Scott A. Shane

The Study Group Pitch

To prepare you for the Study Group Pitch Competition on Saturday, May 7th, we will discuss how to construct and conduct a four to five-minute pitch.

10:40 AM to 12:10 PM

**Transitioning from entrepreneur to entrepreneurial CEO
Restaurants on the Run: A Founder's Journey**

Guest: Mike Caito, Co-founder, Restaurants on the Run

With multiple co-founders, who takes the role of the CEO? Are all founders qualified to become a CEO? If not, what do they need to learn? What is the role of a CEO in an emerging company? How does a CEO know if she/he is doing a good or bad job?

Primary reading:

Restaurants on the Run: A Founder's Journey

Steven Mednick/Juliana Siward

USC Case Centre

Case will be distributed in class.

Saturday, April 23, 2016

8:50 AM to 10:20 AM

The Venture Capitalist

Guest TBA

We will hear first-hand from an Orange County based venture capitalist on the current state of VC funding. What deals are done and why? What do you have to do to get the attention of the VC community? How do VC firms manage their portfolio companies?

Primary reading:

Strategy vs. Tactics from a Venture Capitalist

Arthur Rock

Arthur Rock is the original venture capitalist and all that have followed him are molded against his likeness. Rock's view is well known. **Strategy is easy but tactics are tough.** "Good ideas and good products are a dime a dozen. Good execution and good management are rare."

10:40 AM to 12:10 PM

Review of a Feasibility Analysis

We have studied about feasibility. Because of the time constraints of this theme, you are not required to create your own feasibility analysis. The only way to experience feasibility first hand is to create one for your own venture.

The best alternative is to review a study created by an MBA student that has the same characteristics and tacit knowledge matching an EMBA student. You will be given a copy of an analysis for review.

In this session, we will discuss what we have learned from reviewing a feasibility analysis.

Class discussion. Four volunteers requested to lead a class discussion on their analysis of the assigned feasibility study.

Please keep in mind that at the time of writing this feasibility analysis, the MBA student was working full-time, going to Marshall in the evenings and had only 13 weeks to research and craft this document.

CORPORATE ENTREPRENEURSHIP–PITCH COMPETITION–FRANCHISING AS A BUSINESS MODEL-E INTERVIEW PRESENTATIONS**Friday, May 6, 2016****1:10 PM to 2:40 PM Business Plan/Business Plan vs. Feasibility Analysis**

We next explore the role and timing for a business plan. The business plan is the icon of new venture planning. The market place offers several hundred software products, textbooks, and articles on how to write the winning business plan. How important is the business plan? What inside of the business plan is used to make decisions? What do investors look for? What stops investors from writing the check? How does a business plan compare to a feasibility analysis? Are they the same?

3:00 PM to 4:30 PM Introduction to the Tools of Corporate Entrepreneurship/E Interviews

Corporate entrepreneurship is the practice of employing entrepreneurial skills and approaches by or within an organization. To achieve and sustain a true competitive advantage in today's global business environment, companies must be faster, more creative, nimble, flexible and innovative. Resource availability may be limited or non-existent to support innovations and initiatives. In other words, organizations must be more entrepreneurial.

This introductory session will explore how existing firms create a competitive advantage through innovations and new initiatives—of products, services, business models, customer markets and processes. We will examine how these innovations and initiatives are introduced, tested and executed in mid-sized to large, complex global firms.

Primary readings:

Robert C. Wolcott and Michael Lippitz, "The Four Models of Corporate Entrepreneurship," Sloan Management Review, Fall 2007

Assessing Your Organizations Capabilities: Resources, Processes and Priorities, Christensen, 607014-PDF-ENG, Harvard Business School, August 21, 2008.

Presentation of Selected Entrepreneur Interviews

In our final session we will focus on the insights into the mind, skills and characteristics of entrepreneurs. Much of that will come from your sharing of what you have learned from your interviews with your entrepreneur interview. How did you reach your interviewee? What did you learn about the entrepreneur? What did you learn about yourself? Did you form a relationship with the entrepreneur?

Class presentations. Volunteers requested.

Saturday, May 7, 2016

1:10 PM to 2:40 PM The Study Group Pitch Competition

Using your study group's selected opportunity, each study group will conduct a stand-up four to five-minute pitch to the class and to two Tech Coast Angel members. The Tech Coast Angel members will judge the pitches and select the top three teams.

Pitch details

- Each study group will prepare a four to five-minute stand-up pitch.
- PowerPoint slides must be used.
- Each team member must present his/her proportionate share of the pitch.
- The pitch may be designed to present to angels, venture capitalists, customers, alliance partners, bankers, suppliers, distributors, etc. It's your choice. Before you begin the pitch, please inform the judges and the class of your target audience.
- The pitch will be evaluated by the judges on both form and content.
- The judges will select the top three presentations with the team members receiving the following bonus points:
 - First place 50 points
 - Second place 25 points
 - Third place 10 points

Note: Team members must participate in the pitch in order to receive bonus points.

3:00 PM to 4:30 PM Entrepreneur Interviews/Course Wrap-up

Presentation of Selected Entrepreneur Interviews

In our final session we will focus on the insights into the mind, skills and characteristics of entrepreneurs. Much of that will come from your sharing of what you have learned from your interviews with your entrepreneur interview. How did you reach your interviewee? What did you learn about the entrepreneur? What did you learn about yourself? Did you form a relationship with the entrepreneur?

Class presentations. Volunteers requested.

We will conclude the course with an overview of material covered over the past four weekends together.