MMS-450-02
MMS Capstone
Entrepreneurship 1
Evaluating and Starting a New Business
Fall 2014
Revised 8/6/2014
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GENERAL INFORMATION

Class Information

Class Meetings: Wednesday and Friday, 10:05am-11:20am
Classroom: Perkins Link 065
Professor: Doug Green
Text: Harvard Case Studies available online through the Duke library.
      Case studies written by Professor Green available on Sakai
      (No textbook purchase required)

Contact Information

Office Location: TBD
Office Hours: TBD
Email: dpg6@duke.edu
doupgreen@gmail.com

The best way to contact me is via email. My email is forwarded to my phone so I receive it almost immediately. In addition to office hours I would be glad to schedule appointments to meet with students on Wednesdays and Fridays when I am on campus. In an unusual situation I may be available to schedule a meeting on other days as well. I can meet any day via Google Hangout.

About the Instructor

Doug Green is a former serial entrepreneur who served as the VP of marketing at two start-up companies, Chromatis Networks and Ocular Networks, which were acquired for a total of over $5 billion. He also served as the Director of Product Marketing at Ciena Communications, now a NASDAQ listed company with a market capitalization of $1.5 billion, and the Director of Product Marketing at NetEdge Systems, a telecommunications start-up acquired for $35M. After his start-up career, Mr. Green worked for Globespan Capital Partners as an entrepreneur in residence and later founded the Bradam Group, a consulting firm providing marketing and strategy advice to venture capitalists and high tech startup companies in the Boston, Silicon Valley, and Toronto areas. From 2005 to 2010 Mr. Green took a sabbatical from his consulting business to coach track and teach physics at the high school level. In addition to his consulting work, Mr. Green also serves as an adjunct instructor for entrepreneurship and an advisor for the Program for Entrepreneurs at Duke University. He graduated Magna Cum Laud from Auburn University with a BS in electrical engineering in 1981 and graduated from the Executive MBA program at Duke as a Fuqua Scholar in the class of 1987. Prior to his first start-up company, Doug worked for 12 years as an engineer and manager in research and development in IBMs networking division.
**COURSE BACKGROUND AND OBJECTIVES**

Entrepreneurship is about much more than working for one’s self or getting rich. At its core, entrepreneurship is about finding an unmet need and building a business around meeting that need. In the process one may indeed find success and financial independence, but these are the fruits of entrepreneurship, not the seeds.

Needs can be practical, such as the need of an Internet company to move information faster. Needs can be social, such as the need for human interaction that drives social networking. They can be psychological, such as the need for a sense of self worth or importance that drives the market for many luxury goods. The degree to which a business venture is a success is driven by the size of the market (how many people have the need), what people are willing to pay (the strength of the need), and whether or not the business meets the need better than others in the opinion of the customer (the only opinion that matters).

In my experience as an entrepreneur, a consultant, and working for a venture capital firm I have seen many hundreds of new business proposals. All of these would-be entrepreneurs strongly believed that their businesses would be successful. Many, perhaps a majority, did not present adequate evidence for it. Some did not present the evidence because they were not good presenters and needed help communicating what they knew. Others believed so strongly in their idea that they did not believe that evidence was necessary. Most were unaware of what questions needed to be answered to convince investors that their business had a high probability of success and just as importantly to be sure themselves.

As it turns out, what separates the good ideas (ones that get funded and are ultimately successful) from the bad ones are the answers to a few simple questions: Who wants this product or service? How badly do they want it and why? How many people have a need for the product or service, and what process do they want to use to buy and receive it? What process do they use to make a buying decision? How much does the cost to provide the product/service compared to how much revenue it can produce? Why would potential customers buy from you rather than someone else? Can the solution that you propose really be implemented, and have you really accounted for all the costs? What will keep someone else from implementing something better and taking away your business? What talents do the people in the business need to have, and how will you get people with these talents to join your company? The most successful serial entrepreneurs, the ones who have built multiple businesses, want to answer these questions for themselves, not just for others.

The goal of this course is to teach students how to identify business opportunities from the perspective of customer needs, how to evaluate a new business idea in a structured manner, to answer the important questions that determine success and failure, and to communicate their reasoning in a way that can convince themselves, and ultimately potential investors, that the business idea is worth pursuing.
COURSE OVERVIEW

The class will follow two parallel but coordinated paths. The instructor will teach concepts to the class using a combination of lecture, case studies, and guest lectures. Students will also be learning through experience by choosing and analyzing a few simple but real business ideas using the concepts taught in class. The scope and complexity of the business ideas will be somewhat limited due to the time limitations of a one semester class, but the concepts learned can be applied on any scale.

The analysis take follow the form of a new business evaluation template, sometimes referred to in this syllabus simply as “the template,” that contains specific questions that must be answered about each business. The template contains 5 sections: Market Opportunity, Solution Feasibility, Competitive Advantage, Team Expertise/Skills, and Financial Plan, with each section containing a list of questions. The templates will be completed in individual sections throughout the semester and then combined at the end. The analysis will be done in teams, with teams assigned by the instructor based on the interest, skills, and background of each student.

Details on the template, including links to resources and explanations to better understand and answer the questions, can be found on the Fuqua P4E website in the “Opportunity Evaluation” section:

http://www.dukep4e.org/Home/Evaluation

Class lectures and case studies will cover the same subjects in the same order: Market Opportunity, Solution Feasibility, Competitive Advantage, Team Expertise/Skills, and Financial Plan.

Each group will be required to perform research outside of class in order to answer the questions in the new business evaluation template related to their specific business ideas. This research could consist of something as simple as looking up information online to more complicated tasks such as designing and conducting a survey of potential customers. The difficulty of finding information will vary based on the specific business and the specific question being answered.

While much guidance will be provided with case studies and classroom lectures, classroom time will also be allocated for groups to discuss issues with the class and the instructor. A typical class will consist of a lecture and/or discussion of a case study, a very short verbal progress report from each group, and a short time to discuss practical research issues that teams may be encountering. As the semester progresses a few classroom periods will consist of a shortened lecture followed by a more extensive time allocated to discuss issues in answering the template questions. In the class schedule section below these days will include “workshop” in the list of activities for the day. Even students who are not encountering difficulties in their research will find these sessions to be a valuable learning opportunity. Students should seek to learn as much or more from observation of other teams as from their own projects.
STUDENT REQUIREMENTS

The requirements for the class are

- Attendance and participation.
- Short (one to two page) written summaries of reading assignments
- Completed written answers to the questions in each of the 5 sections of the business evaluation template
- Oral presentations of the results for each individual template section
- A final written edited version of the completed business evaluation template
- A final oral presentation of the business evaluation based on the written results

Attendance: There is no textbook for the class, and class notes cannot replace the learning experience of class discussion. Attending class is critical. You will be participating in group activities where other students depend on your knowledge of material presented. In addition, I expect you to be in class on time. This is a small classroom and walking in after class has begun can be very disruptive. I understand that sometimes important things happen where you must miss class. **When such situations occur I expect you to communicate with me ahead of time. You will receive a grade based on your attendance.**

I know that some of you might think that graded attendance is treating you like grade school students rather than college students. It is actually the contrary. You will be graduating soon and many of you need to start practicing behaviors that may be important for your careers. Maybe you will be lucky and land that job where your boss doesn’t care when you come in to work, but I have personally witnessed work tardiness result in people getting fired from jobs that they dearly loved. I don’t want to see that happen to any of you.

Participation: Learning is an active exercise. Participating in class discussions forces you to think and apply the material into your memory and experience. I expect students to demonstrate that they are reading assignments, comprehending the material presented, and asking intelligent questions about things that they do not understand. I realize that not everyone loves to speak out in class, so I make an effort to call on specific students to answer questions when I feel that the conversation is not evenly distributed. **I no longer give grades for participation. However, in cases where a student comes to me with an appeal regarding a subjectively graded exercise classroom contributions may be taken into account.**

Reading assignment summaries: These are short (one to two page) summaries of what you observe from the assigned readings which are due at the beginning of the class period for which the reading is due. I am not necessarily looking for a complete summary of the reading, but for evidence that you have read the material, understand it, and actually thought about it enough to form some of your own ideas about it. As the semester proceeds I will also expect you to incorporate what you have learned throughout the semester in your reading evaluations as appropriate. You will receive a copy of the grading template that is used to evaluate the writing assignments.
Written Completed Template – Individual Sections. (See Course Structure for an explanation of the templates) You must adequately answer each of the questions in one of the template sections. An adequate answer is one that includes the source of the information as well as an explanation as to why that source was chosen. In rare cases where information is not available, you must explain what process you undertook to find the information and your reasoning as to why you were unsuccessful. Each team should present a single completed set of results. Any exceptions must receive prior approval from the instructor.

Oral presentations – Individual Sections. Your team must present the information completed in the template to the class and a panel of academic and business experts. The presentations should take a maximum of 10 minutes. Because the information duplicates that contained in the written deliverables, your grade will focus more on how well you communicate and how well you demonstrate a command of the material that you present in your responses to questions from the panel. I recognize that some people are better at presenting than others, and I have no problem with some members of the team doing the majority of presenting, but all members of the team should participate in the presentation in some way, each member will be expected to answer questions. You will be given feedback on ways to improve your results that should be incorporated in your final presentations at the end of the semester.

Final Completed Template – Written Form: This is a written completed business evaluation template containing all 5 sections incorporating feedback given both in written and oral individual sections. In addition, It must contain a recommendation from the team as to whether or not the business should be pursued and why. There is no penalty for a negative result. In fact there is as much, and perhaps more, value in eliminating a seemingly good idea that proves to be flawed as there is in discovering a good one. The students will be graded on the quality of the evaluation. Each team should present a single completed set of results. Any exceptions must receive prior approval from the instructor.

Final Oral Presentations - Your team must present the information completed for the written completed templates, including recommendations, to the class and a panel of academic and business experts. The presentations should take a maximum of 20 minutes. Because the information duplicates that contained in the written deliverables, your grade will focus more on how well you communicate and specifically how well you demonstrate a command of the material that you present in your responses to questions from the panel. All members of the team should participate in the presentation, and each member should be prepared to answer questions.

Note: Early in the semester students will be asked to answer every question in the entire template with little research. This exercise serves specific educational and process purposes and will be graded liberally.

Team Contribution / Peer Team Evaluations – Team members will be asked two simple questions: did anyone on the team show exceptional leadership or make an exceptional contribution to the team effort? Did anyone on the team make an exceptionally poor contribution or have an extreme negative affect on the team? I will take this feedback, along with my own observations, and assign a team contribution grade. A positive or negative from
one team member generally will have no effect. I am looking for a general agreement among the team. In most cases, a neutral grade (you were neither universally considered an exceptional contributor nor a negative one) will not have any effect on your final grade either positively or negatively (the grade will be calculated to match the average of your other work).

If you are having problems with team dynamics and cannot work it out yourselves, please come and see me to talk about it as early as possible. The first step should be to approach the individual together as a team. Nobody should be blindsided. The next step should be to schedule a meeting with me. **If I receive negative feedback on a team member at the end of the semester it should not be a surprise.**

**GRADES**

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<th>Component</th>
<th>Weight</th>
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<td>Reading assignment summaries</td>
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<tr>
<td>Class attendance</td>
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<tr>
<td>Written Deliverables, individual template sections</td>
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<tr>
<td>Oral Presentations, individual template sections</td>
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</tr>
<tr>
<td>Final Written Deliverable</td>
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<tr>
<td>Final Oral Presentation</td>
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<tr>
<td>Team Contribution</td>
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**READING LIST**

All readings are either Harvard Business Review cases (available online through the Duke Library) or readings that will be provided online. The following is the list of readings and the dates by which they are due. Note that the reading summaries described above will be due on those dates at the beginning of class.

- Can Entrepreneurship Be Taught?
- Selected business ideas from past P4E programs
- Marketing Malpractice
- P4E Evaulation Template (no summary)
- Ciena and Corvis
- NetEdge Systems
- Warby Parker, Infinity Compliance
- Why Wasabe Lost To Mint
- Ocular Networks
- How to Write A Great Business Plan
- Notes on Business Model Analysis For The Entrepreneur
- How Venture Capitalists Evaluate Potential Venture Opportunities

**ADDITIONAL SUGGESTED READING**

These books are not required for the class, but they represent a good collection of wisdom for those wishing to pursue an entrepreneurial career.

- “The Four Steps To The Epiphany” by Stephen Gary Blank (A startup roadmap)
- “Crossing the Chasm” by Geoffrey A Moore (moving beyond early adopters to mainstream markets)
- “Founders at Work” by Jessica Livingston (good anecdotal stories of successful startups)
- “The Art of the Start” and “Reality Check” by Guy Kawasaki (perspective of a well known VC)
- “Viral Loop” by Adam Penenberg (The relationship between customer needs and “going viral”)
- “The Innovators Dilemma” by Clayton M. Christianson (Behavioral differences between startups and large corporations)
**CLASS SCHEDULE**

Dates with major deliverables and presentations are in **bold font**. Please note that every reading assignment will have a summary due on the date the reading is due. If you have any questions related to assignments or deliverables please ask them well ahead of due dates.

August 27th

- Class and instructor introduction
- Syllabus Overview
- Student profile survey
- Assignment due September 10th: bring an idea for a business venture at Duke. Write a short summary and be prepared to discuss it. Multiple ideas are allowed and encouraged.

August 29th

- **Required Reading: “Can Entrepreneurship Be Taught?”** (written summary due)
- Class Discussion – The Process Of Entrepreneurship
- Reminder – keep working on business ideas!

September 3rd

- **Reading assignment:** Select business ideas from P4E (written summary due)
- Short discussion of past P4E business ideas
- Brainstorming business ideas

September 5th

- **Required Reading: “Marketing Malpractice”** (Reading summary due)
- Lecture/discussion: Finding and meeting customer needs.
- Reminder – business ideas due September 10th

September 10th

- **Business ideas due**
- Presentation and discussion of business ideas
- Vote: rank order of ideas: which would you go to work for?.

September 12th

- **Required Reading: “Evaluation Template”** (no summary due, but come with questions if there are things that you don’t understand)
- Introducing the template: the questions that all entrepreneurs must answer (this is the template you will use for the remainder of the course)
• Applying the template to sample business ideas
• Team Assignments
• Team assignment due September 24th  rough guess at filling in the template for team business ideas. You should do minimal research for this assignment. The purpose of this assignment is to establish an understanding of the types of information that will be required.

September 17th

• Required Reading : “Ciena and Corvis” (written summary due)
• Lecture/Discussion: Meeting a desperate need vs. pushing a technology

September 19th

• Required Reading: NetEdge Systems (written summary due)
• Lecture/Discussion: Market focus and finding the first customer
• Template questions/answers

September 24th

• Template Rough Guesses Due
• Presentations and feedback in class

September 26th

• Finish student presentations if needed
• Narrowing and selection of final business ideas
• Team reassignments
• New team assignment due October 10th : Template Section 1 – Market Opportunity

October 1st

• Required Reading : “Warby Parker, Infinity Compliance” (written summary due)
• Comprehending the market

October 3rd

• Required Reading: “Why Wasabe Lost to Mint” (written summary due)
• Early Adopters and Mainstream Markets
• Class Workshop – Market Opportunity
October 8th

- Estimating Market Size
- Primary and Secondary research
- Class Workshop – Market Opportunity

October 10th

- Market Opportunity template section due
- Presentations – Market Opportunity
- Next team assignment due October 24th - Templates section 2,3 Solution Feasibility and Competitive Advantage

October 15th

- Lecture – Taking on an impossible task
- Workshop – Solution Feasibility and Competitive Advantage

October 17th

- Reading Assignment: Ocular Networks (reading summary due)
- Lecture – Solution Feasibility, Curing Cancer, God Boxes, Cookies and Cars
- Workshop – Solution Feasibility

October 22nd

- Understanding Competition, Competitive Advantage
- Workshop – Solution Feasibility and Competitive Advantage
- Reminder – Template sections 2 and 3 due next period

October 24th

- Template sections 2 and 3 due
- Presentations – Solution Feasibility and Competitive Advantage
- Next team assignment due November 7th – Template sections 4 and 5, Team and Financial Plan

October 29th

- Required Reading: “How To Write A Great Business Plan” (reading summary due)
- Guidance: Financial Plan Requirements
October 31st

- **Required Reading:** “Notes on Business model For The Entrepreneur” (reading summary due)
- What makes a sound financial plan?

November 5th

- Class Workshop – Team and Financial Plan
- Reminder – Template sections 4 and 5 due next period

November 7th

- Template sections 4 and 5 due
- Presentations – Team and Financial Plan

November 12th

- Final Deliverables Workshop
- What to keep, what to throw away

November 14th

- **Required Reading:** How Venture Capitalists Evaluate Potential Venture Opportunities (reading summary due)
- Lecture: Lessons from a venture capital insider

November 19th

- Final Deliverables Workshop

November 21st

- Final Deliverables Workshop

December 3rd

- Final Student Presentations

December 5th

- Final Student Presentations