

## Engineering 102

# Science and Technology Entrepreneurship

Spring 2018

Mondays 1 PM – 3:55 PM

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**First Class Meets:** Monday April 2, 1 PM, Watson 104

### Course Description

This course serves as a rigorous introduction to entrepreneurship and small business development from the perspective of the entrepreneur. It is intended to be a self-contained course that introduces the concepts of idea generation, market analysis, fundraising, legal corporate structures, and basic financial accounting for entrepreneurial endeavors. Mastery of any individual subject area is beyond the scope of this class, but the student will be expected to understand the basic concepts introduced and demonstrate the attained knowledge through thoughtful comments and insightful questions in class, written in-class exams, and a graded team presentation on a topic relating to entrepreneurship. By understanding the basic building blocks of new venture initiation, students will be able to seek out additional resources (e.g. online materials, guest lectures, etc.) that can supplement the material learned in the course.

While this course will focus extensively on the core fundamentals of building a business, the class will also emphasize the inherent experiential nature of entrepreneurship. Successful entrepreneurial students must always be learning from the collective small business and entrepreneurial experience available: from distinguished guest lectures on campus to family barbeques or a conversation with the local barber shop owner.

Harvard Business School cases will be utilized to expose students to the real decisions faced by entrepreneurs and introduce case-based learning. Case-based education is the dominant learning mechanism utilized in top business schools around the world today to prepare the next generation of business leaders. Cases are designed to present a snapshot in time when a business leader or leadership team needed to make a critical decision. A case provides significant detail and the core information to be considered by management when reaching a decision. These cases have been selected to highlight entrepreneurial decisions including marketing a new energy drink (West Coast Chill in fall of 2010), competing in a crowded consumer space (Dropbox in June 2010), developing a new smartphone app (Discotech in 2015), fundraising for an early stage startup (Crowdfunding: A Tale of Two Campaigns, 2014) and commercializing social robots (Jibo in February 2015).

# **MGMT 160: Entrepreneurship and Venture Initiation**

## *Course Schedule at a Glance*

#	Date	Session Description
1	Apr 2	Introduction to Entrepreneurship; Entrepreneurial Paths; Opportunity Recognition <ul style="list-style-type: none"><li>• Course Reader: <i>A Perspective on Entrepreneurship</i></li></ul>
2	Apr 9	The Business Model Canvas; The Value Proposition Canvas; The Environment Map <ul style="list-style-type: none"><li>• Quiz #1</li><li>• VPD: Intro (pp. xiv-xvii), Chapter 1 (pp. 6-61)</li><li>• BMG: pp. 1-49</li><li>• Multimedia Case: <i>West Coast Chill</i></li></ul>
3	Apr 16	Hypothesis-Driven Entrepreneurship; Understanding Customers & Customer Discovery <ul style="list-style-type: none"><li>• Quiz #2</li><li>• VPD: Chapter 3 (pp. 178-253), Section 2.3 (pp. 104-119)</li><li>• Giff Constable: <i>Talking to Humans</i> (pp. 30-65)</li><li>• Simulation: <i>The Food Truck Challenge</i></li></ul>
4	Apr 23	Entrepreneurial Strategy <ul style="list-style-type: none"><li>• Quiz #3</li><li>• Course Reader: <i>Industry Analysis</i></li><li>• Course Reader: <i>Blue Ocean Strategy: From Theory to Practice</i></li><li>• Case: <i>Dropbox: It Just Works</i></li></ul>
5	Apr 30	Entrepreneurial Accounting <ul style="list-style-type: none"><li>• Quiz #4</li><li>• Course Reader: <i>Overview of Financial Accounting</i></li></ul>
6	May 7	Raising Capital: Introduction & Crowdfunding <ul style="list-style-type: none"><li>• Quiz #5</li><li>• Course Reader: <i>Financing Entrepreneurial Ventures</i></li><li>• Course Reader: <i>Choose Wisely: Crowdfunding through the stages of the startup life cycle</i></li><li>• Case: <i>Crowdfunding: A Tale of Two Campaigns</i></li></ul>
7	May 14	Raising Capital: Venture Capital; Legal Issues for Startups <ul style="list-style-type: none"><li>• Quiz #6</li><li>• Course Reader: <i>Financing Entrepreneurial Ventures (cont.)</i></li><li>• Course Reader: <i>Legal Forms of Organization</i></li><li>• Course Reader: <i>The Protection of Intellectual Property in the United States</i></li><li>• Case: <i>Jibo</i></li></ul>
8	May 21	Business Plans & Elevator Pitches <ul style="list-style-type: none"><li>• Quiz #7</li><li>• Course Reader: <i>Developing Business Plans and Pitching Opportunities</i></li><li>• Case: <i>Discotech</i></li></ul>
9	May 28	MEMORIAL DAY – NO CLASS!
10	June 4	Group Presentations (Note: date subject to change!)
11	June ??	Final Exam

## **Classroom Matters**

Class attendance and participation are critical to providing a rich learning environment for your colleagues and critical for understanding the material presented. Students are expected to read assigned material BEFORE each class, and come to class prepared to have an intellectual conversation about the assigned material. The instructor may rely on cold-calling and other techniques to foster a vibrant class discussion. Please note that the quality of participation matters much more than the quantity of participation. That is, high-quality participation means much more than merely talking a lot, it involves being articulate and focused in your comments or questions. However, the idea of a classroom environment is to be a “protected space” where students feel comfortable asking questions or expressing reasoned opinions. Any student disrespecting or belittling their fellow classmate’s genuine learning efforts in class will have their class participation grade significantly adversely impacted.

Class attendance will be taken by the TA during every class. Students are expected to attend the entire lecture, and arriving late or leaving early may impact your class participation score.

## **Required Reading**

- Course Pack: **TO BE UPDATED - CHECK COURSE WEBSITE FOR INFO**
- Required Simulation: **TO BE UPDATED - CHECK COURSE WEBSITE FOR INFO**
- Alex Osterwalder, Yves Pigneur, Greg Bernarda, Alan Smith (2014). Value Proposition Design. Hoboken, New Jersey: John Wiley & Sons. This text is referred to as “VPD” below.
- Alexander Osterwalder and Yves Pigneur (2010). Business Model Generation. ISBN-10: 8126533676, ISBN-13: 978-0470876411. This text is referred to as “BMG” below.
  - Note: you can download a free preview of the book from the author’s website which contains ALL of the assigned reading material:
    - [http://www.businessmodelgeneration.com/downloads/businessmodelgeneration\\_preview.pdf](http://www.businessmodelgeneration.com/downloads/businessmodelgeneration_preview.pdf)
- Giff Constable, Frank Rimalovski, Tom Fishburne (2014). Talking to Humans: Success starts with understanding your customers. ISBN-10: 099080092X, ISBN-13: 978-0990800927.
  - Free PDF e-book:
    - <http://www.talkingtohumans.com/>
  - Note: Kindle version costs \$0.99.
- Additional required readings may come from free online resources.

## **Recommended Supplemental Materials**

Many excellent resources on entrepreneurship exist including the following manuscripts, websites, and blogs:

### **Books**

- Peter Thiel (2014). *Zero to one: notes on startups, or how to build the future*. New York, Random House.
- Brian S. Cohen and John Kador (2013). *What Every Angel Investor Wants You To Know: an insider reveals how to get smart funding for your billion-dollar idea*. NY: McGraw-Hill.
- Brad Feld and Jason Mendelson (2013). *Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist*. 2<sup>nd</sup> edition. Hoboken, New Jersey: John Wiley & Sons.
- Steve Blank and Bob Dorf (2012). *The Startup Owner’s Manual: The Step-By-Step Guide for Building a Great Company, First Edition*. ISBN-10: 0984999302, ISBN-13: 978-0984999309.
- Ash Maurya (2012). *Running Lean: Iterate from Plan A to a Plan That Works, 2<sup>nd</sup> Edition*. O’Reilly Media, Inc., Sebastopol, CA.
- Eric Ries (2011). *The Lean Startup*. NY: Crown Business.

- "The Ernst & Young Business Plan Guide" (2007), Brian R. Ford, Jay M. Bornstein, Patrick T. Pruitt, Third Edition, 2007, ISBN-10: 0470112697, ISBN-13: 978-0470112694, Edition: 3.
- John W. Mullins (2006). *The New Business Road Test*. 3rd Edition. London: Pearson Education Limited.
- W. Chan Kim & Renee Mauborgne (2005). *Blue Ocean Strategy*. Harvard Business Press.
- Guy Kawasaki (2004). *The Art of the Start*. NY: Penguin Group.
- Geoffrey Moore (2003). *Crossing the Chasm* revised edition. NY: HarperCollins.
- James Swanson, Michael Bair (2003). *Engineering Your Startup*. 2<sup>nd</sup> edition. Belmont: Professional Publications.
- Clayton Christiansen (1997). *The Innovators Dilemma*. HBS Press.

### **Web Sites**

- <http://www.bruincubate.com> (UCLA entrepreneurial resources)
- <http://www.startupucla.com> (Startup UCLA)
- <http://steveblank.com> (Steve Blank's collection of entrepreneurial resources)
- <http://www.java.org> (Los Angeles Venture Association)
- <http://www.entforum.caltech.edu/> (Caltech Entrepreneur's Forum)
- <http://www.sba.gov> (Small Business Administration)
- <http://stvp.stanford.edu> (Stanford Technology Venture Partners)
- <http://www.kauffman.org/Section.aspx?id=Entrepreneurship> (Kauffman foundation)

### **Blogs**

- <http://steveblank.com> (Steve Blank, entrepreneurial thought leader)
- <http://www.bothsidesofthetable.com/> (Mark Suster, Upfront Ventures)
- <http://blog.asmartbear.com/> (Jason Cohen, entrepreneur)
- <http://venturehacks.com/> (AngelList founders Naval Ravikant and Babak Nivi)
- <http://guykawasaki.com/blog/> (Guy Kawasaki's, entrepreneurial writer)
- <http://avc.com/> (Fred Wilson, Union Square Ventures)
- <http://practicetrumpstheory.com/> (Ash Maurya, author and entrepreneur)

### **Course Requirements**

Note Professor Wilson exclusively reserves the right to make case-by-case exceptions to the grading policies below. Students should understand that approved exceptions are EXTREMELY RARE and nearly all such requests will be denied by the instructors. Students must request exceptions to the policies below in writing (e.g. email), and should understand that WRITTEN APPROVAL from the instructor must be explicitly obtained or the request should be considered denied.

## **Grading Criteria**

You will receive an individual grade in this course based on your performance throughout the course. The grade will be determined as follows:

<b>Components of Final Course Grade</b>	<b>Contribution to Grade (%)</b>
Attendance & Class Discussion (individual)	20%
Quizzes (individual)	20%
Final Exam (individual)	40%
Individual Case Write-Up	2.5%
Startup Simulation (individual)	2.5%
Group Case Write-Ups (team)	10%
Group Presentations (team)	5%
<b>TOTAL</b>	<b>100.0%</b>

The final grades will be assigned based on a relative distribution. No more than 50% of the class will receive a grade of “A-” or above. A typical grade distribution is approximately 40% of the class in the “A range”, approximately 40% of the class in the “B range”, and 20% other.

*Note: Any student that elects the “Pass/No Pass” grading option for the course MUST finish with at least a B average based on the relative distribution to receive a “passing” grade.*

*Note: It is anticipated that all team members will receive the same grade for the group assignments. However, individual students may have their grade lowered due to lack of contribution to the effort as determined by the professor based on observation and peer-review team feedback.*

### **Attendance and Class Participation**

Since a significant part of learning takes place during class sessions, attendance, active case preparation and class participation are all expected. If you miss more than one class session, your final grade will be lowered. In particular, for each additional absence, you will lose 25% of the final class participation grade (i.e. 5% reduction in your overall final grade). Missing more than fifteen minutes of any class may be considered a half-absence, while missing more than one hour of class will be considered a full absence. Please consult the TA for additional information or clarification if needed. Each student will be evaluated individually. Class participation will be graded on a relative distribution.

### **Final Exam**

A 180 minute in-class, closed book, closed note, and closed computer comprehensive final exam will cover all the material covered in the class. The final exam may consist of multiple-choice, short answer, and essay questions. Students must be present to take the final-exam in class at the assigned time. No make-up examinations will be allowed.

### **Simulations**

The class will play two interactive simulations (~~startup simulation~~ & food truck challenge) during class as detailed later in the syllabus. Active participation will be necessary to receive full credit for the simulations. Students must be present in class at the assigned time for the simulation. No make-up simulations will be allowed. The two simulations will be counted differently:

- *The Food Truck Challenge*: will be counted towards the participation grade. Participation in the food truck challenge may be graded on a relative distribution.
- ~~*The Startup Simulation*: will be counted individually towards the final grade (see above in the table “Components of Final Course Grade”). Prof. Wilson, at his sole discretion and with written prior approval, may allow a student to write a five page, single spaced paper on a mutually agreed upon topic on entrepreneurship to replace the simulation grade. This paper will be graded pass/no pass, and if it is deemed a pass by Prof. Wilson, the student’s final exam score will be counted in place of a single missing simulation grade. The paper must be submitted before the final exam for consideration. No exceptions. The startup simulation may be graded on a relative distribution.~~

### **In-Class Quizzes**

We will have a series of quizzes (typically 10 minutes) at the beginning of class on the assigned reading. The quizzes will largely be factual in nature and are designed to make sure that students read the material so they can actively participate in the case discussion. There will be a total of seven quizzes. We will drop the lowest score. No makeup quizzes will be allowed.

### **Individual Case Write-Ups**

Each individual case write-up will consist of a two page paper that applies the material learned in class and applies critical reasoning skills to a business situation. Quantitative as well as qualitative analysis is expected. The individual case write-ups will be graded on a relative distribution.

### **Group Case Write-Ups**

Each group case write-up will typically consist of a three page paper that applies the material learned in class and applies critical reasoning skills to a business situation. Quantitative as well as qualitative analysis is expected. The group case write-ups will be graded on a relative distribution.

### **Team Presentation (TO BE DISCUSSED THE FIRST DAY OF CLASS)**

Early in the quarter, the class will be divided into teams. Each team will work together during the quarter to prepare a concise, PowerPoint presentation for the class representing a mini-feasibility study for an approved business idea. Detailed instructions for the format and style of the presentation and paper will be given during the quarter. In general, the presentation will be graded for clarity, reasoning, and the intelligent use of supporting evidence. Most of the research will be conducted online, and students will be expected to properly cite all resources used in preparing the presentation. To receive credit for the team presentation, students must be present during the group presentation during the assigned class time as given by the instructor. Students not present during the group presentation will be automatically assigned a 0% for the group presentation. The presentations will be graded on a relative distribution.

*Note: It is anticipated that all team members will receive the same grade for the group assignments and final presentation. However, individual students may have their grade lowered due to lack of contribution to the effort as determined by the professor based on observation and peer-review team feedback.*

*Note: Any student that elects the “Pass/No Pass” grading option for the course will not be assigned to a team and will instead be required to write a twenty page individual paper on a topic similar to the team assignments as directed by the professor.*



## **Academic Integrity**

All students, without exception, must familiarize themselves with the academic integrity policies of Caltech. The following forbidden behavior:

### *Cheating*

*Cheating includes, but is not limited to, the use of unauthorized materials, information, or study aids in any academic exercise; the alteration of any answers on a graded document before submitting it for re-grading; or the failure to observe the expressed procedures or instructions of an academic exercise (e.g., examination instructions regarding alternate seating or conversation during an examination).*

### *Fabrication*

*Fabrication includes, but is not limited to, falsification or invention of any information or citation in an academic exercise, including Fabrication or Falsification of Research. Fabrication of Research is making up data or results and recording or reporting them. Falsification of Research is manipulating research materials, equipment or processes, or changing or omitting data or results such that the research is not accurately represented in the research record.*

### *Plagiarism*

*Plagiarism includes, but is not limited to, the use of another person's work (including words, ideas, designs, or data) without giving appropriate attribution or citation. This includes, but is not limited to, representing, with or without the intent to deceive, part or all of an entire work obtained by purchase or otherwise, as the Student's original work; the omission of or failure to acknowledge the true source of the work; or representing an altered but identifiable work of another person or the Student's own previous work as if it were the Student's original or new work. Unless otherwise specified by the faculty member, all submissions, whether in draft or final form, to meet course requirements (including a paper, project, exam, computer program, oral presentation, or other work) must either be the Student's own work, or must clearly acknowledge the source.*

### *Multiple Submissions*

*Multiple submissions includes, but is not limited to, the resubmission in identical or similar form by a student of any work which has been previously submitted for credit, whether at UCLA or any other school, college, or university in one course to fulfill the requirements of a second course, without the informed permission/consent of the instructor of the second course; or the submission for credit of work submitted for credit, in identical or similar form, in concurrent courses, without the permission/consent of the instructors of both courses.*

### *Facilitating Academic Dishonesty*

*Facilitating academic dishonesty includes, but is not limited to, knowingly helping another student commit an act of academic dishonesty.*

Regarding plagiarism, students must fully cite all materials (text, figures, etc.) utilized in creating deliverables for this course. All violations of the universities policies will be referred to the Dean of Students. Ignorance of the rules is no excuse! By way of enrolling and attending this class, you are explicitly attesting to your explicit knowledge and understanding of all of the policies included in the guide of Student Conduct Code cited above.

## **Class Schedule**

*Note: The specifics of the class sessions are subject to change.*

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### **Session 1: Introduction to Entrepreneurship; Entrepreneurial Paths; Opportunity Recognition**

**Objectives:** Introduction of faculty & TAs; Course overview; Overview of entrepreneurship; What is entrepreneurship? What makes a successful entrepreneur? Can entrepreneurship be taught? What is case-based learning? Can you be an entrepreneur part-time? What does it mean to be a full-time entrepreneur? Can you become an entrepreneur even if you don't invent a brand-new product or service? Where do "good" ideas come from? What criteria should be used to judge ideas?

**Required Reading:**

- HBSP: *A Perspective on Entrepreneurship*, Howard H. Stevenson.  
(NOTE: This article will be tested on Quiz #1, but it is not required that you read the article before the first day of class!)

**Optional Online Resources:**

- Teaching Entrepreneurship
  - <http://www.kauffman.org/multimedia/sketchbook/kauffman-sketchbook-entrepreneurial-mindset>
- Entrepreneurs Do Three Things
  - [https://www.youtube.com/watch?feature=player\\_detailpage&v=M7VZlbeUrSU](https://www.youtube.com/watch?feature=player_detailpage&v=M7VZlbeUrSU)
- ABC Nightline – IDEO Shopping Cart
  - <http://www.youtube.com/watch?v=M66ZU2PCicM>
- Stanford University's Entrepreneurship Corner, Larry Page on Entrepreneurship
  - <http://ecorner.stanford.edu/authorMaterialInfo.html?mid=1076>
- One View of Entrepreneurship
  - [https://www.youtube.com/watch?feature=player\\_embedded&v=GBuDGJ6totE](https://www.youtube.com/watch?feature=player_embedded&v=GBuDGJ6totE)

**Assignment:** None.

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## Session 2: The Business Model Canvas; The Value Proposition Canvas; The Environment Map

**Objectives:** What is a “business model canvas”? Discuss the nine sections of the business model canvas. What is the value proposition canvas? What are customer pains, gains, and jobs? What are pain relievers and gain creators? Who is a customer? How do you conduct interviews? What is the environment map?

**Required Reading:**

- VPD: Intro (pp. xiv-xvii), Chapter 1 (pp. 6-61)
- BMG: pp. 1-49

**Optional Online Resources:**

- Business Model Canvas Explained (Kauffman Foundation & Strategyzer)
  - <https://www.youtube.com/watch?v=wwShFsSFb-Y>
- Business Model and Value Proposition Canvas (Strategyzer)
  - <https://strategyzer.com/canvas>

**Assignment:** Prepare for Quiz #1.

**Case Assignment:** Multimedia Case: West Coast Chill, William A. Sahlman; Robert F. White; Stephanie Puzio.

The timeframe of the case is fall 2010.

Individual single space, two page paper to answer the following questions on the West Coast Chill case:

1. How would you assess Mitchell’s performance and his journey with respect to the self-chilling can opportunity?
2. What do you think about the self-chilling can opportunity? How did Mitchell quantify demand? What were the strengths/weaknesses of his approach to quantifying demand for the self-chilling can?
3. Discuss the decision to create and distribute the West Coast Chill energy drink. Was it a good idea?
4. The case discusses several potential financing options Mitchell may have. How would you try and raise money if you were Mitchell and why?

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### Session 3: Hypothesis-Driven Entrepreneurship; Understanding Customers & Customer Discovery

**Objectives:** What is hypothesis-driven entrepreneurship? What are the criteria for good hypotheses? What do we mean by build-measure-learn? What are customer discovery, customer validation, customer creation, and company building?

**Required Reading:**

- VPD: Chapter 3 (pp. 178-253)
- VPD: Section 2.3 (pp. 104-119)
- Talking to Humans: Success starts with understanding your customers (free e-book) (pp. 30-65)
- <http://www.talkingtohumans.com/>

**Optional Reading:**

- HBSP: *Why the Lean Start-Up Changes Everything*, Steven G. Blank (free download from <http://www.steveblank.com>, click on the article image in right side frame)

**Optional Online Resources:**

- How to Build a Startup (The Lean LaunchPad)
  - <https://www.udacity.com/course/ep245>
- Steve Blank's blog
  - <http://steveblank.com>
- Eric Ries' website
  - <http://theleanstartup.com/>

**In Class Exercise:** Simulation: The Food Truck Challenge

Note: "The Food Truck Challenge" must be purchased at least the day before class. Only students who purchase the case can participate!

**Assignment:** Prepare for Quiz #2.

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### Session 4: Entrepreneurial Strategy

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**Objectives:** What is an industry? What is a market? What is segmentation? What is a beachhead market? What is a five forces analysis?

**Required Reading:**

- HBS: *Strategy Reading: Industry Analysis*, Ramon-Masanell.
- California Management Review: *Blue Ocean Strategy: From Theory to Practice*, W. Chan Kim & Renee A. Mauborgne

**Optional Online Resources:**

- Interview with Michael Porter
  - [http://www.youtube.com/watch?v=mYF2\\_FBCvXw](http://www.youtube.com/watch?v=mYF2_FBCvXw)
- Blue Ocean Strategy lecture by Mauborgne
  - <http://www.youtube.com/watch?v=zrGOBdVm-KE>
- Good Strategy / Bad Strategy lecture by Richard Rumelt
  - <http://www.youtube.com/watch?v=UZrTl16hZdk>

**Assignment:** Prepare for Quiz #3.

**Case Assignment:** Case: *Dropbox: It Just Works*, Thomas R. Eisenmann, Michael Pao, & Lauren Barley.

The timeframe of the case is June 2010.

Group three page paper to answer the following questions on the “DropBox” case.

1. Dropbox is a late mover in a crowded space. What opportunity did Houston see? Specifically, what are the key elements of Dropbox’s current business model?
2. When he applied to Y Combinator (see Exhibit 2), what hypotheses did Houston hold about key elements of Dropbox’s business model? As of June 2010, which of these hypotheses have been confirmed, and which have been discarded?
3. Imagine that at the same time Dropbox was founded, Google decided to target the opportunity that Houston had identified. How would Google’s approach to pursuing “G-Drive” have differed from the approach that Dropbox’s team followed?

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### Session 5, February 7: Entrepreneurial Accounting

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**Objectives:** What is a balance sheet? What is an income statement? What is a cash flow statement? What’s the difference between accrual accounting and cash-based accounting? Is cash really “king”? What are pro-forma financial statements and how are they used?

**Required Reading:**

- HBS: *Financial Reporting Standards: 1: Overview of Financial Accounting*, David T Doran.

**Optional Online Resources:**

- Finance Your Business (SBA)
  - <http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/prepare-your-business-f-0>
- Finance Your Business – Preparing Financial Statements (SBA)
  - <http://www.sba.gov/ombudsman/7046>

**Assignment:** Prepare for Quiz #4.

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## Session 6: Raising Capital

**Objectives:** What is a lifestyle business? What is a high-growth business? What are the sources of cash to start a business? What investment criteria do friends & family use? Who is an angel investor? What is a venture capitalist? What criteria do venture capital firms use when evaluating an investment? What government programs exist (grants, loan guarantees) for small businesses? What criteria do venture capital firms use when evaluating an investment? What is the structure of a venture capital firm? What is a term sheet?

**Required Reading:**

- HBSP: *Entrepreneurial Reading: Financing Entrepreneurial Ventures*, William R. Kerr, Ramana Nanda, James McQuade (Sections 1-2.7, 2.9-2.10, 3.2)
- *Choose Wisely: Crowdfunding through the stages of the startup life cycle*, Business Horizons (2017) 60, 179-188, Jeannette Paschen

**Optional Online Resources:**

- Own Your Venture Equity Simulator
  - <http://www.ownyourventure.com>
- A List of Top LA Accelerators and Incubators
  - <http://vator.tv/news/2013-05-17-a-list-of-top-la-accelerators-and-incubators>
- Money Tree Report (PriceWaterCoopers / NVCA Recent Trends in VC Investing)
  - <http://www.pwcmoneytree.com>

**Assignment:** Prepare for Quiz #5.

**Case Assignment:** Case: *Crowdfunding: A Tale of Two Campaigns*, Andrew Zacharakis, et. al.

The timeframe of the case is 2013 & 2014.

Group two or three page paper to answer the following questions on the case:

- What could the twin sisters have done differently?
- Should Hanson have targeted more than \$10,000?
- In both cases, were the financial results worth the effort?
- What would you do differently if you were to run a crowdfunding campaign?

## Session 7: Raising Capital: Venture Capital; Legal Issues for Startups

**Objectives:** Do I need a corporation? What is a sole-proprietorship? What is a partnership? What is a corporation? An S-corp? What is a LLC? How does a team divide ownership? What are stock options and who gets them? What is a patent? What is a trade-secret? What can I copyright? What is a trademark? A service mark?

**Required Reading:**

- HBSP: *Entrepreneurial Reading: Financing Entrepreneurial Ventures*, William R. Kerr, Ramana Nanda, James McQuade (Sections 2.8, 3 & 4)
- HBSP: *Legal Forms of Organization*, Michael J. Roberts
- HBSP: *The Protection of Intellectual Property in the United States*, Myra M. Hart & Howard Zaharoff

**Optional Online Resources:**

- Legal Issues for Entrepreneurs - Formation and Founders Issues
  - <http://www.fenwick.com/publications/pages/legal-issues-for-entrepreneurs-formation-and-founders-issues.aspx>
- Copyright Basics - Just Enough Copyright Law If You Are Not an Attorney or IP Expert
  - <http://www.fenwick.com/publications/Pages/Copyright-Basics-Just-Enough-Copyright-Law-If-You-Are-Not-an-Attorney-or-IP-Expert.aspx>
- Trade Secrets Protection: A Primer and Desk Reference for Managers and In House Counsel
  - <http://www.fenwick.com/publications/Pages/Trade-Secrets-Protection-A-Primer-and-Desk-Reference-for-Managers-and-In-House-Counsel.aspx>
- Patent Protection for High Technology Companies
  - <http://www.fenwick.com/publications/Pages/Patent-Protection-for-High-Technology-Companies.aspx>
- Trademarks for High Tech Companies
  - [http://www.fenwick.com/FenwickDocuments/TM Selection for HighTech.pdf](http://www.fenwick.com/FenwickDocuments/TM%20Selection%20for%20HighTech.pdf)

**Assignment:** Prepare for Quiz #6.

**Case** Case: *Jibo*

**Assignment:** The timeframe of the case is February 2015.

Group three page paper to answer the following questions on the “Jibo” case:

1. Discuss Jibo’s early seed funding strategy from 2009-2013. What were the influencers on the approach of Dr. Breazeal and Mr. Asher? What were the strengths and weaknesses of the founding team? Would you recommend any changes in the early stage funding approach at the time?
2. Why did Jibo launch a crowdfunding campaign? Why did they select Indiegogo instead of Kickstarter?
3. At the time of the case, Jibo has raised \$25.4M in Series A financing. How has the approach and strategy of the company been influenced by the funding? In other words, what are the strengths of weaknesses of raising the significant Series A capital, in contrast, for example, to Pebble Watch’s Kickstarter campaign?
4. The time frame of this case is very recent. The founders secured the first investment for Jibo by January 2013. If the team were raising their seed money today, would there be any differences in approach?

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## Session 8: Business Plans & Elevator Pitches; Crowdfunding

**Objectives:** What does a business plan look like? What are the main sections of a business plan? Is the Executive Summary really the most important part of a business plan? Who needs a business plan? How are they used? What is an elevator pitch? How do you construct a good pitch? What is Crowdfunding? What are the key types of crowdfunding? How can entrepreneurs use crowdfunding?

**Required Reading:**

- HBSP: *Entrepreneurial Reading: Developing Business Plans and Pitching Opportunities*, Lynda M. Applegate & Carole Carlson

**Optional Online Resources:**

- Create Your Business Plan (SBA)
  - <http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/how-write-business-plan>
- Build Your Business Plan Tool (SBA)
  - <http://www.sba.gov/tools/business-plan/1>
- Example of Excellent Five Minute Pitch (DEMO 2011):
  - <http://www.youtube.com/watch?v=RwcTvqR-pls>

**Assignment:** Prepare for Quiz #7.

**Case Assignment:** Discotech

The timeframe of the case is September 2013.

Even though you are a current UCLA student, your dad, Warren Buffet, has given you \$150,000 a year to invest in startups as an “angel investor.” You joined the Los Angeles chapter of the Tech Coast Angels. As an angel investor, you typically invest in four or five deals a year, with investments on average of \$30,000. The TCA was recently pitched a deal to be the first non-friends and family money invested into Discotech, a mobile app startup. Discotech is selling 20% of the company in an angel round for \$200,000 and some of the TCA members are interested in investing and have asked you to join. Based on the pitch deck (see CCLE), answer the following three questions in a one or two page memo:

1. What are the strengths of this investment opportunity? In other words, what excites you about the deal?
2. What are the weaknesses of this investment opportunity? In other words, what worries you about the deal?
3. Would you invest? Why or why not?
4. On a separate sheet, make a “business model canvas” for Discotech business as you understand it based on the slide deck.

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## Session 9: Startup Simulation (MEMORIAL DAY - NO CLASS!)

**Objectives:** ~~What's it like to be an investor, employee, or founder of a new company? Can you simulation the hectic, chaotic nature of the entrepreneurial ecosystem in the classroom?~~

**Required Reading:** ~~None.~~

**In class exercise:** ~~Startup Simulation (in class). The Startup Simulation must be purchased by noon on the day BEFORE the simulation or you will lose 25% off this assignment. Only students who purchase the simulation can participate. Additional details to follow.~~



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### Session 10: Team Presentations & Course Wrap Up

**Objectives:** Each team will give a 6-8 minute presentation, with 2-3 minutes for Q&A.

**Required Reading:** None.

**Optional Online**

**Resources:**

- Entrepreneur Magazine Resources on Presentations
  - <http://www.entrepreneur.com/topic/presentations#>
  - <http://www.entrepreneur.com/video/232439>
- Create an Effective Presentation Video (General Tips)
  - <http://blogs.hbr.org/2011/03/create-an-effective-presentati/>

**Assignment:** Prepare team PowerPoint presentation. Final version should be uploaded to TurnItIn before class starts. There will be a significant grade penalty for any presentation emailed after the beginning of class.

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### Session 11: Final Exam

**Objectives:** Comprehensive Final Exam, 180 minutes, closed book, closed notes, closed computer.

NOTE: All students must take the exam during the assigned time slot.

**Required Reading:** All assigned reading from all sessions.

**Assignment:** Prepare for final exam.

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## **Course Reader**

The course pack can be purchased from the Harvard Business Publishing website using the link in "Required Reading" section above.

<b>#</b>	<b>Title</b>	<b>Author(s)</b>	<b>ID</b>	<b>Pages</b>	<b>Cost</b>
1	Perspective on Entrepreneurship	Howard H. Stevenson	384131-PDF-ENG	13	\$4.25
3	West Coast Chill	William A. Sahlman; Robert F. White; Stephanie Puzio	815704-HTM-ENG	N/A	\$8.00
8	Dropbox: 'It Just Works'	Thomas R. Eisenmann; Michael Pao; Lauren Barley	811065-PDF-ENG	22	\$4.25
5	Industry Analysis	Ramon Casadesus-Masanell	8101-HTM-ENG	41	\$7.95
5	Blue Ocean Strategy: From Theory to Practice	W. Chan Kim; Renee A. Mauborgne	CMR312-PDF-ENG	18	\$4.25
6	Developing a New Smartphone Application: UrbanBaby	Andrew Perkins	W12306-PDF-ENG	8	\$4.25
6	Legal Forms of Organization	Michael J. Roberts	898245-PDF-ENG	10	\$4.25
6	Protection of Intellectual Property in the United States	Myra M. Hart; Howard Zaharoff	897046-PDF-ENG	17	\$4.25
8	Developing Business Plans and Pitching Opportunities	Lynda M. Applegate; Carole Carlson	8062-HTM-ENG	45	\$7.95
8	Crowdfunding: A Tale of Two Campaigns	Andrew Zacharakis; Gabriel Quintana; Tommy Ripke	BAB282-PDF-ENG	12	\$4.25
9	Financing Entrepreneurial Ventures	William R. Kerr; Ramana Nanda; James McQuade	8072-HTM-ENG	46	\$7.95
9	Jibo: A Social Robot for the Home	Jeffrey J. Bussgang; Christine Snively	816003-PDF-ENG	17	\$4.25
7	Financial Reporting Standards: 1: Overview of Financial Accounting	David T Doran	BEP166-PDF-ENG	25	\$4.25
<b>TOTAL</b>				<b>261</b>	<b>\$70.10</b>

## **Simulation Course Reader**

The simulation course pack can be purchased from the Harvard Business Publishing website using the link in “Required Reading” section above.

<b>#</b>	<b>Title</b>	<b>Author(s)</b>	<b>ID</b>	<b>Cost</b>
<b>4</b>	Entrepreneurship Simulation: The Startup Game	Ethan Mollick	WH0001-HTM-ENG	\$15.00
<b>8</b>	New Venture Exercise: The Food Truck Challenge	Michael A. Roberto	7201-HTM-ENG	\$10.00
<b>TOTAL</b>				<b>\$25.00</b>

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## **Private Peer Evaluation Form**

Each student is required to submit a confidential peer evaluation form before the last day of class. Sample form is given below:

<b><u>Private Peer Evaluation Form</u></b>				
YOUR NAME: _____				
TEAM NUMBER: _____				
TOPIC: _____				
<b><u>Please complete and submit an electronic copy to CCLE before the final exam. Failure to submit this form may result in a 5% penalty to your final participation grade.</u></b>				
Please provide scores using the following scale from 1-5 for each team member (including yourself):				
5: Outstanding, 4: Good, 3: Acceptable, 2: Unacceptable, 1: Terrible				
<u>NOTE: Overall should also be on a scale from 1-5.</u>				
Team Member	Team Presentation	Deliverable Contribution	Teamwork	Overall
ME				
Optional Comments (please justify any low scores):				