

SOM 492E (Spire #30840)
ENTREPRENEURSHIP
FALL 2007 COURSE INFORMATION

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Office: Walk-in hours Wed. 10-11:30 Room 307C
TA:

Overview:

This course provides a broad view of entrepreneurship. You will be introduced to a number of entrepreneurial companies via case studies and guest speakers. In addition, you will read about and discuss topics such as the business plan, raising money for a new venture, assessing the riskiness of new businesses and the unique management challenges of startups.

Materials: Many materials used in the course are available free on the course website. For the free materials and for assignments go to <https://spark.oit.umass.edu/> (notice the “s” after http) and use your normal OIT user ID and password.

There is an assignment due at the second class. All assignments are to be turned in on the course website as Word documents. Assignments turned in other ways may not receive credit.

Some materials are available free on the class website. Materials you need to purchase (for a total of around \$50) are available at the Textbook Annex.

Method of Instruction:

The primary method of instruction is case discussion. That means you will read and analyze a case study before class and talk about your ideas in class. The professor may call on anyone during the class, so you must come prepared to speak. Each week there will be one case from the collection of the Harvard Business School.

In addition to the case study discussions there will be lectures and guest speakers.

What is the case method? The case method is a way of teaching and learning developed into an art form at Harvard Business School. Today, virtually all business schools use the case method to one degree or another. Harvard uses it exclusively.

The case method is an active approach to learning. Participants in a case discussion are equal in the search to unravel the intricacies of an actual business situation described in the case material. The case discussion leader (professor) asks questions, and by these questions leads the group to a fuller understanding of the case than any one person could achieve by himself.

The case method presumes that there is not a “right” answer, but that participants learn by comparing their own perceptions/analyses of the case with those of their peers. Accordingly, everyone in a case discussion is both a teacher and a learner.

What do you the student need to do to get the most out of a case discussion? The quality of any case discussion depends on three factors:

- 1) Preparation. By thoroughly studying the case material, and knowing the facts of the story, you will be able to benefit the most from others’ comments and give back the most in the form of comments you make. Often a single word or phrase can be a clue to “unlock” the case.
- 2) Willingness to participate. Don’t be shy; pitch in and offer your perspective. Even if you don’t raise your hand, the professor may call on you. You’ll never be graded down for saying the “wrong things.”
- 3) Expectations. Don’t expect to be told the “right” answer. Be open to learning from the array of comments made by the professor and your peers.

How should you prepare for a case discussion? Read the case material and study it thoroughly from the perspective of the key players in the case. Put yourself in their shoes, and figure out both what they should do, and what you would do.

Assignments:

- 1) **Weekly reading** is indicated in the schedule. The reading consists of both case study material (information about the case company) and

conceptual articles that illuminate the various issues faced by entrepreneurial companies.

- 2) A **weekly exercise** will consist of a short paper. Each week the professor will announce on the website a problem or question faced by the case company. In 2-4 double-spaced pages you will summarize your analysis of that problem or question. Check the website schedule for the problem/question to be addressed. The paper will be turned in on the course website prior to the beginning of the class on the day we do the case discussion. The point of writing the paper is for you to establish your own opinions about the issue-of-the-week prior to hearing what your peers have to say. This will maximize your learning. Papers turned in late without prior notification to the professor will receive no credit.

3) **Special Interview Assignment**

By the end of the semester you will interview one entrepreneur in depth. You will select the person to interview from among your friends and contacts. A standard list of questions (below) can be used or you can ask questions of your own making. A five-page paper due at the last class will summarize the interview. Sharing of these interviews will be done during the last class.

Standard Interview Questions:

1. What motivated you to start your business?
2. Please describe the steps that occurred prior to actually starting to serve customers.
3. Please describe the first year of actually being in business: the highs and the lows.
4. Please describe the level of encouragement and/or skepticism you received from family, friends, and colleagues?
5. How did you assess the riskiness of the business when it was at the idea stage? At the introductory stage (just prior to serving customers? Now?
6. How did you raise money for the business? Please describe the successes and failures.
7. How would you describe your experience as an entrepreneur? (eg. how hard you work, how stressful, how fun, what are the best and worst parts, mistakes you have made, etc)

8. Would you do it again if you could go back in time?
9. What advice would you give to people thinking about starting a business?

Evaluation: 30% = Class participation
20% = Weekly paper
10% = Interview paper
40% = Mid-term exam
No final exam

Extra credit can be earned by students who have a plan for starting a new business and who present their plan to the class.

The weekly exercise is a short paper about the case topic of the week. Superior papers receive a grade of “plus”. Papers with obviously little effort exerted receive a “zero”. All others receive a “check” (one point). Papers turned in late receive no credit unless a prior arrangement was made with the instructor. Points are added up and a normal curve is used to make the overall grade.

Superior quality participation during any particular class leads to a bonus point for that class. The only way to receive a zero if you are in attendance is to show that you haven’t prepared for the case discussion. “Bad” comments or questions don’t count against you. Absence from class results in a class participation grade of zero for that class unless prior arrangement is made with the instructor. If you are sick, send an email to the instructor prior to class. Points for participation are added up and fit into a normal curve to determine your participation grade.

The mid-term exam, will be “open book”, and will consist of a case analysis. Accordingly, the mid-term exam will be an opportunity for you to present an improved, more detailed and complete version of the short papers you wrote earlier in the semester. In the mid-term exam you will show how much you absorbed from the class discussion, and how your subsequent reading and thinking has expanded your view of the particular problem.

There will be no final exam.

SCHEDULE

The schedule and assignments are illustrative yet tentative. The final assignment for the week will be posted on the course website. “Packet” below refers to the printed materials from Harvard Business School Publishing.

- Week 1 **First class meeting**
 Orientation to course
 Introductory Lecture
- Week 2 **Lecture/Discussion:** What is an entrepreneur?
Conceptual Reading: “Natural Born Entrepreneur” (website) “The Entrepreneurial Manager” (website)
Case Reading: “Private Communications” (packet)
Exercise: Analyze the pros and cons of Ann Meceda’s decision from both her perspective and your own perspective.
Activity:
- Week 3 **Lecture/Discussion:** Evaluating a Business Opportunity
Conceptual Reading: “How to Assess Risk” (website) plus “How Venture Capitalists Evaluate a New Venture” (packet)
Case Reading: Optasite Inc. (website “Consolidated 8-22-05”)
Exercise: Evaluate the risk and return of the case company. Evaluate the company's business model.
Activity: video
- Week 4 **Lecture/Discussion:** The Business Plan
Conceptual Reading: “How to Write a Great Business Plan” (website) plus “Developing an Effective Business Plan.” (website “Revised 10-23”)
Case Reading: Optasite’s business plan (website)
Exercise: Evaluate the company's plan as a document used in the capital-raising process. Does it meet the criteria for a well-written business plan?
Activity:
- Week 5 **Lecture/Discussion:** Risk Analysis
Conceptual Reading: “How to Assess Risk” (previously assigned) plus “The Heart of Entrepreneurship” (website)
Case Reading: Dafca Inc. (website)
Exercise: Evaluate the business opportunity. What risks do you see? How do they compare with the potential rewards?
Activity:

- Week 6 **Lecture/Discussion:** The Virtual Company
Conceptual Reading: “Outsourcing” (website)
Case Reading: “R & R” (packet)
Exercise: Evaluate the case company’s ways of managing risk.
Activity:
- Week 7 **Lecture/Discussion:** Raising Money
Conceptual Reading: “How Venture Capital Works” (website)
 “Alternative Sources of Financing” (website)
Case Reading: “Internet Securities” (packet)
Exercise: Evaluate the case company’s approach to raising capital.
Activity: guest speaker TBA
- Week 8 **Lecture/Discussion:** Buying a Business
Conceptual Reading: “Valuation and the Deal” (website)
Case Reading: “Duncan Field” (packet)
Exercise: What should Duncan do?
Activity:
- Week 9 Mid-term exam
- Week 10 **Lecture/Discussion:** Competitor Analysis
Conceptual Reading: “Judo Strategy” (website)
Case Reading: “The Knot” (packet)
Exercise: Evaluate the case company’s competitive situation.
Activity: guest speaker TBA
- Week 11 NO CLASS. Interview assignment (see website)
- Week 12 **Lecture/Discussion:** Franchising
Conceptual Reading: “Note on Franchising” (packet)
Case Reading: “Chez Cora” (packet)
Exercise: Should they expand outside Canada? If so, how?
Activity:

