

ENTREPRENEURSHIP - NEW VENTURE CREATION

22-ENTR-705-901

College of Business

University of Cincinnati

Fall Quarter, 2009 (09-A)

Monday 6:00 – 9:30 p.m.

Instructor: Charles H. Matthews, Ph.D. Phone: 513-556-7123
Office: 510 Lindner Hall Fax: 513-556-5499
Office Hours: By appointment only Email: charles.matthews@uc.edu
Web page: <http://blackboard.uc.edu>

Learning Objectives:

- ◆ To explore, analyze, and discuss the concept of entrepreneurship.
- ◆ To sharpen abilities needed to formulate a business plan for an original venture concept.
- ◆ To practice evaluating new venture concepts and better understand the complexity of new venture initiation.
- ◆ To write a comprehensive, solid, executable new venture business plan.
- ◆ To integrate knowledge and skills from previous coursework and business experience.
- ◆ To think entrepreneurially.

Texts and Materials:

Timmons, Jeffrey A., and Spinelli, Stephen, 2009. *New Venture Creation: Entrepreneurship for the 21st Century*, 8th Edition, Boston, MA: Irwin McGraw-Hill. (ISBN: 0073381551)

Bagley, Constance E., & Dauchy, Craig E., 2008. *The Entrepreneur's Guide to Business Law, 3e*, West Educational Publishing Company, An International Thomson Publishing Company. **(Optional)** (ISBN: 0324204930)

Handouts as assigned.

Brief Overview:

“Entrepreneurship: New Venture Creation” (22-ENTR-705) focuses on the total enterprise creation process: all the functions, activities and actions associated with perceiving, clarifying, and refining opportunities, crafting a business plan, and creating organizations to pursue your entrepreneurial objectives. This course seeks to help students develop the skills and knowledge that will enable them to be effective as entrepreneurs or members of entrepreneurial teams. While our primary focus will be on independent ventures, the knowledge, skills, and capabilities gained here should be relevant to those involved in creating new ventures within the context of established corporations, public or private (although corporate venturing will not be our primary focus this quarter).

Selected topics include: The entrepreneurial process; identifying and cultivating ideas; the business planning process; entrepreneurship and e-commerce; identifying and raising capital; implementing the plan; managing growth; and harvest options. Our focus will build on the principles of strategic management. It takes the view of the general manager, uses concepts from many of your management and other courses, and considers the total enterprise. In addition to the above, we will learn:

1. How to identify and evaluate new venture opportunities.
2. To understand what is required for a business plan.
3. How to gather the resources necessary to implement such a plan.
4. The art and science of managing and growing the business.
5. The importance of considering how to harvest the gains.

<u>Grades</u> : Class Discussions/Participation	15%
Written Assignments (3)	30%
Business Plan Presentation	15%
Written Business Plan	<u>40%</u>
	<u>100%</u>

Business Plan Grading:

Industry Analysis (including competitive and competitor analysis)	20%
Market Analysis (including location analysis)	20%
Organizational Analysis	20%
Financial Analysis	20%
Overall Impact	<u>20%</u>
	<u>100%</u>

New Venture Competition: Every January since 1997, the UC Center for Entrepreneurship Education & Research holds an internal competition, UC MBA New Venture Competition, for new venture teams for students just from UC. The winner (and often the first runner-up) go on to represent UC at multi-school competitions competing for substantial prize money and the opportunity to compete in the MOOT CORPT® Business Plan Competition held annually in the Spring at the University of Texas, Austin. The MOOT CORP® Business Plan Competition is often called “The Super Bowl” of business plan competitions. Winners from the past eight years have gone on to win top prizes at numerous competitions across the US against top-ranked schools.

The winner of the 12th Annual UC MBA New Venture Competition was DiabetiTec,LLC, led by BME graduates and Part-time MBA students Philip Gettinger and Amro Kamel, went on to represent UC at the 5th Annual UC Spirit of Enterprise Graduate Business Plan Competition. The winner of the 11th Annual UC MBA New Venture Competition was BuyStonesOnline, Inc., led by MBA student Divy Chaurasia, which went on to represent UC at the 4th Annual UC Spirit of Enterprise Graduate Business Plan Competition. The winner of the 10th Annual UC MBA New Venture Competition was Bioinformatics, led by MSIS student Ralph Brueggemann, which went on to represent UC at the 3rd Annual UC Spirit of Enterprise MBA Business Plan Competition.

The winner of the 9th Annual UC MBA New Venture Competition was Progressive Cooling Solutions led by Engineering Ph.D. student Ahmed Shuja. PCS went on to finish 2nd Runner-up in the 2006 UC Spirit of Enterprise Business Plan Competition; 1st Runner-up in the Stuart Clark Business Plan Competition; and eventually won Best Technology in the 2006 MOOT Corp competition. PCS garnered over \$15,000 in prize winnings and was the recipient of a Bearcat Bridge Fund award to launch its business. Pizzeria Fresco developed by UC graduate students Brett Smith and Bhaskar Narayan. The winner of the 8th Annual UC MBA New Venture Competition was Pizzeria Fresco which went on to represent UC in the 2005 UC Spirit of Enterprise MBA Business Plan Competition, going against eight other top schools and finished 1st Runner-up taking home the \$5,000 KeyBank Award.

In addition to hosting an internal competition to choose the best UC teams, beginning in 2005, the UC Center for Entrepreneurship Education & Research is proud to join with Cincom Systems, Inc, to host the UC Spirit of Enterprise Business Plan Competition inviting schools from across North America here to Cincinnati to compete for up to \$20,000 in prize money. A partial list of teams from the following schools have participated in the UC Spirit of Enterprise Competition: Boston University; Brown University; Cornell, University; Carnegie Mellon University; Duke University; Kennesaw State University; Indiana University; Loyola Marymount University; The Ohio State University; University of Arkansas; University of Arizona; University of Cincinnati; University of Georgia; University of Illinois – Chicago; University of Louisville; University of Oregon (1st place and winner of the \$10,000 Cincom Systems Spirit of Enterprise Champion Award in 2005). Sponsors for the UC Spirit of Enterprise Business Plan Competition included: Cincom Systems, Inc.; Queen City Angels First Fund; Meridian Bioscience, Fort Washington Capital Partners; River Cities Capital Fund; and the Greater Cincinnati Venture Association.

A brief history of UC New Venture Teams on the road. This represents a great opportunity to showcase the outstanding work of our graduate students. In our first year of competition, 1997-98, competing at Indiana University, the U.C. team finished second (\$2,500 Burton Morgan Prize) in a strong field that included Indiana University (1st place \$5,000 Motorola Enterprise Award), Michigan State University, Purdue University, Case Western Reserve, and the University of Louisville (3rd place \$500 Whirlpool Prize).

In 1999-2000, again competing at Indiana University, the UC team won the preliminary round and moved on to the final round against the University of Michigan and University of Louisville. The University of Michigan took first place honors (\$10,000), with Louisville taking second (\$3,000) and UC third (\$1,000). The UC team went on to compete in the New Venture Championship sponsored by the University of Oregon where they finished in the top five out of 20 competing schools.

In 2001-02, two UC teams did an outstanding job of representing UC in competitions on both coasts. Physiomics Inc. (Dan Shelly, Thad Edmonds, and Jessica Miller) took first place in the Fourth Annual UC MBA New Venture Competition and moved on to take First Place in the Lightning Round at the New Venture Championship at the University of Oregon and second place at the Dayton i-Zone Venture Competition picking up over \$15,000 in prize money. iSETek, Inc. (Paolo Dominguez, Bill Kinnaird and Mike Ross) was the first runner up in the UC MBA New Venture Competition and went on to be one of only nine finalist teams out of 225 to

be invited to present at the 2nd Annual MBA Jungle Business Plan Challenge in New York city. Other schools invited included Harvard, Michigan, Columbia, UC Berkley, UCLA, Univ. of Texas Austin, U of Washington, and Wharton. Both UC ventures benefited from awards from the Bearcat Bridge Fund established in 2004, to help student initiated ventures launch.

In 2002-03, **Marcato Percussion** (Melissa Berrier, Tao Nguyen, David Martin, and Rita Zsarnovszkyne) took first place in the UC MBA New Venture Competition and went on to represent UC at the IU Competition. Martin Percussion is poised to redefine the process standards by which percussion instruments are manufactured and the quality of the instrument's sound. The first runner-up was **Medeven Technologies** (Matt Burke and Terry Phillips). Medeven is aggressively identifying and developing new medical product applications in the respiratory field and has already identified its first product resulting from intellectual property pioneered here at UC - a speech valve for pediatric tracheotomy patients. Both new ventures are recipients of awards from the Bearcat Bridge Fund.

In 2003-04, the winner of the 7th Annual UC MBA New Venture Competition, **apartmentfrog, inc.** (Doug Hott, Jennifer Pham, and Keith Daegele) went on to finish second in the 8th Annual IU Competition, narrowly edged out by the University of Louisville. **Apartmentfrog.com** is up and running matching apartment hunters with landlords.

In recent years, the following teams have represented UC in the Spirit of Enterprise Graduate Business Plan Competition: 2005, Pizzeria Fresco (Brett Smith and Bhaskar Narayanaswamy); 2006, Progressive Cooling Solutions (Ahmed Shuja, Megan Payne, and Liz Sayers); 2007, Bioinformatics (Ralph Brueggemann, Jessica Albrecht, and Arpan, Joshi); 2008, BuyStonesOnline, Inc. (Divy Chaurasia); and 2009, Diabetitec, LLC (Philip Gettinger and Amro Kamel).

The tentative time line and key dates include:

18 December 2009	Intent to compete form due
18 December 2009	All final draft business plan due (submit three copies)
08 January 2010	12th Annual UC MBA New Venture Competition (winner, first runner-up selected)
25 January 2010	Overnight nine copies of business plan to UC
January 11- Feb. 22, 2010	Refine presentation
February 25-26, 2010*	UC Spirit of Enterprise Business Plan Competition
	*Dates to be confirmed

Class	Tentative Schedule and Topics	Assignments
1. M 09/28	Introduction: Course Overview; What is Entrepreneurship? <u>Burton Snow Boards</u> (video)	Teams form Essay due next week
2. M 10/05	The Start-up Process: Entrepreneurship and Innovation The Business Plan <u>The Entrepreneurs</u> , vol. 1 (video)	<i>NVC</i> , Chs. 1, 2 Teams finalized
3. M 10/12	The Start-up Process: Entrepreneurship and Opportunity The Business Plan Video Case: The Boston Beer Company Entrepreneur Strategies Report	<i>NVC</i> , Chs. 3, 5 Top 20 Questions due next week
4. M 10/19	Developing the New Venture Business Plan Team Working Session – No class	
5. M 10/26	Developing the New Venture Business Plan Entrepreneurial Strategies Report <u>Something Ventured</u> : "A Different Look: The Nicole Miller Story" (video) Discussion: "There No Business Like E-Business"	<i>NVC</i> , Chs. 5, 6, 8 (<i>EGBL</i> , Ch. 4, 5) Top 20 Questions Due
6. M 11/02	Developing the New Venture Business Plan <u>Something Ventured</u> : "Start-Up Capital: The Buck Starts Here" (video) Entrepreneurial Strategies Report Guest Speaker : Tony Shipley, Founder, Entek IRD Scientific Corp. and QCA	<i>NVC</i> , Chs. 13, 14 (<i>EGBL</i> , Chs. 6, 7, 8)
7. M 11/09	The Founder and the Team: Bringing It All Together Entrepreneurial Strategies Report Discussion Case: Quick Study (Handout) Guest Speaker : Mr. Craig Kurz, President, HoneyBaked Hams	<i>NVC</i> , Chs. 8, 9
8. M 11/16	Growing and Managing the New Venture Entrepreneurial Strategies Report Guest Speaker : Mr. David Lima, Founder, Best Upon Request	<i>NVC</i> , Chs. 15, 16 (<i>EGBL</i> , Ch. 11 and 11)
9. M 11/23	Growing and Managing the New Venture Entrepreneurial Strategies Report Guest Speaker : TBA	<i>NVC</i> , Chs. 17, 19
10. M 11/30	Presentations – ALL (Business Plans due Nov. 30th)	20/10 ALL

	Business Plans due	BUS PLANS DUE
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Key Dates:

10/05 Essay due
10/26 Top 20 Questions due
11/30 Business Plans due
12/18 Intent to Compete Forms due

Assignments

- (1) **Essay** - due week two. Please prepare a brief essay (600-1,000 words, typed, double spaced) on the topic, "What does it mean to be an entrepreneur?"
- (2) **Entrepreneurial Strategies Report** - due weeks three through eight. Please conduct an interview with a small business owner, entrepreneur, or intrapreneur and write a brief report (five to seven pages double spaced). You are responsible for finding, arranging, and completing the interview. Your interview may be with someone you know (e.g., family, employer) or someone you would like to meet. Your interview, however, must be with someone not involved with a business you currently own.

In week two, we will set a tentative schedule for your reports. In weeks three through eight, you will have approx. 10 minutes to present your report and 10 minutes for discussion. Written reports are due the day you are scheduled to present. If you would like to invite your interviewee to class, you must arrange this with me one week in advance.

The Top 20 Questions you address for your own venture (see Assignment 3) and the following outline provide a possible structure for your interview/report:

- I. Title Page
 - II. History of Company: Brief description of the company's operation and products, evolution to the present, general background and experience of the owner(s), years in business, and number of employees.
 - III. Statement of Objectives: Concise statement of the owner's business objectives. How are these quantifiable, measurable, and attainable?
 - IV. SWOT Analysis: A concise analysis of the firm's strengths, weaknesses, opportunities, and threats. What are the firm's distinctive competencies and competitive weaknesses?
 - V. Industry Overview.
 - VI. Organizational Overview.
 - VII. Market Overview (including location).
 - VIII. Financial Overview (if provided).
- (3) **Top 20 Questions** - due week four. Handout. This should be for your new venture plan.

A suggested outline for your business plan might include the following. All Business Plans should be no more than 40 pages total: 25 pages double spaced text; 15 pages Appendices:

- Title Page
- i. Table of Contents
- ii. **Executive Summary (Required) (may be single spaced)**
 - 1. Mission Statement and Objectives
 - 2. Description of Business
 - 3. Industry Profile
 - 4. Description of Products and/or Services Offered
 - 5. Marketing Strategy
 - 6. Management Team
 - 7. Financial Plan
 - 8. Production Plan (if applicable)
 - 9. Appendices: Including pertinent financial statements, market survey information, etc., which are used in the preparation of your business plan. All appendices should be referenced in the text of the report.

SUGGESTED READING/REFERENCE

Daily/Weekly/Monthly

The Wall Street Journal (see Instructor or class web site for subscription information)

Business Week

Periodicals

Entrepreneurship: Theory & Practice
(Formerly American Journal of Small Business [HD 2346.U5A75])

Journal of Business Venturing

Journal of Small Business Management (HD 69.S6S67)

Inc (HD 2346.U5I55)

References (Ask at reference desk for most recent issue or if you can't find an item you want.)

Almanac of Business & Industrial Financial Ratios
Troy, Leo (HF 5681.R25)

Annual Statement Studies
Robert Morris Associates (HF 5681.B2R6)

Barometer of Small Business
Accounting Corporation of America

Financial Studies of the Small Business (HD 2346.U5F55)

Industry Norms & Key Business Ratios
Dun & Bradstreet, Inc. (HF 5681.R25I5)

Simmons 1987 Study of Media & Markets (HF54I5.3.S54 1987)
Simmons Market Research Bureau

Small Business Bibliography
U.S. Small Business Administration (Z7164.C81U718)

Statistics of Income--Sole Proprietorship Returns
U.S. Treasury

U.S. Industrial Outlook
U.S. Dept. of Commerce (HC 106.5 A265)

Industry Studies, Surveys, Reports, and Statistics:

http://www.libraries.uc.edu/research/subject_resources/business/resource_industry_data.htm#industryI

Standard & Poor's Net Advantage is also available on line and should contain key industry ratios.

Books

Drucker, Peter Ferdinand, 1992. Managing for the Future: The 1990s and beyond. New York, New York: Dutton.

Foley, James F., 2004. The Global Entrepreneur: Taking Your Business International. Peoria, IL: Jamric Press International.

Fry, F. & Stoner, C., & Weinzimmer, L., 1999. Strategic Planning for the New and Emerging Businesses: A Consulting Approach. Chicago, IL: Dearborn Publishing.

Gorton, K., 1989. Low Cost Marketing Research: A Guide for Small Businesses, 2nd ed. New York: John Wiley & Sons.

Greenfield, W., 1989. Developing New Ventures. New York: Harper & Row, Publishers.

Hamel, G. & Prahalad, C.K., 1994. Competing for the Future. Boston, MA: Harvard

Kalakota, Ravi & Robinson, Marcia, 1999. E-Business: Roadmap for Success, Reading, MA: Addison-Wesley

Kuratko, D. & Hodgetts, R., 2004. Entrepreneurship: A Contemporary Approach, 6th Ed. Mason, OH: Thomson South-Western Publishers

Longenecker, J., Moore, C., & Petty, J.W., 2006. Small Business Management: An Entrepreneurial Emphasis 12th edition, Cincinnati: South-Western Publishing Co.

Longworth, E. K., 1991. Anatomy of a Start-Up: Why Some New Businesses Succeed and Others Fail. Boston, MA: Inc. Publishing.

Quinn, James Brian, 1992. Intelligent Enterprise. New York: The Free Press.

Timmons, J., & Spinelli, S., 2007. New Venture Creation: Entrepreneurship for the 21st Century, 7th ed. Boston, MA: McGraw-Hill/Irwin.

Turban, Efraim, Lee, J., King, D., & Chung, H.M., 2000. Electronic Commerce: A Managerial Perspective. Upper Saddle River, NJ: Prentice Hall, Inc.

Yip, George S., 1992. Total Global Strategy: Managing for worldwide competitive advantage. Englewood Cliffs, N.J.: Prentice Hall.

Books of interest:

The Art of the Start: The Time Tested, Battle-Hardened Guide for Anyone Starting Anything (2004) by Guy Kawasaki

Bold Women, Big Ideas: Learning to Play the High Risk Entrepreneurial Game (2003) by Kay Koplovitz with Peter Israel.

Built to Last: Successful Habits of Visionary Companies (1994) by Jim Collins and Jerry I. Porras.

Being Digital (1996) by Nicholas Negroponte.

The Innovator's Dilemma: When New Technologies Cause Great Companies to Fail (1997) by Clayton M. Christensen.

Blown to Bits: How the New Economics of Information Transforms Strategy (2000) by Philip Evans and Thomas S. Wurster

Rich Dad, Poor Dad: What the Rich Teach Their Kids About Money --That the Poor and Middle Class Do Not! (2000) by Robert T. Kiyosaki and Sharon L. Lechter (Contributor).

