

Introduction to Entrepreneurship

Professor:

Office Hours: M, T, W, Th, 2-4 p.m. and by appointment (gladly!)

E-mail:

Fall 2003 Class Meets: Meets: Mon/Wed, 10-11:20 a.m. at SOM Auditorium

1. Course Overview:

Welcome to the entrepreneurial revolution! EEE 370 is an introductory course intended to provide students with a solid foundation in terms of the vital role played by entrepreneurs and entrepreneurship in the 21st century global economy. In a sense, this is the cornerstone course, which is complemented at the end of your program with the capstone business plan course. During this semester, we will assess, explore, critique, and celebrate the phenomenon of entrepreneurship. Entrepreneurship is approached as a way of thinking and acting, as an attitude and a behavior. Our emphasis is on entrepreneurship as a manageable process that can be applied in virtually any organizational setting. Moreover, our interest is in sustainable entrepreneurship, or entrepreneurship over the life cycles of people's careers, of organizations as they evolve from start-up enterprise to sizeable corporation, and of societies as they move from undeveloped to post-industrial. However, our principal focus will be on the creation of new ventures, the ways that they come into being, and factors associated with their success. This is a course of many ideas and questions, and you will be encouraged to develop and defend your own set of conclusions regarding each of these issues. It is also a course that integrates a number of different disciplines, ranging from sociology and psychology to economics, finance, marketing and human resource management. Further, it is a course that mixes theory with practice, and you will be challenged to apply principles, concepts and frameworks to real world situations.

II. Course Objectives:

The course is built around a number of core objectives. By the end of the semester, you should be able to:

- Recognize the entrepreneurial potential within yourself and others in your environment;
- Appreciate the role of entrepreneurship within society, at the level of the organization, and in your own personal life;
- Understand the process nature of entrepreneurship, and ways to manage the process;
- Identify the many ways in which entrepreneurship manifests itself, including start-up contexts, corporate contexts, social contexts, public sector contexts, and others;
- Develop an appreciation for opportunity, how to recognize it, and how to evaluate it;
- Appraise the nature of creative new business concepts that can be turned into sustainable business ventures;
- Appreciate the ethical issues that are intimately intertwined with entrepreneurial activities, and develop a personal framework for managing ethical dilemmas;

III. Texts (Required):

Hisrich, R.D. and Peters, M.D. (2001) Entrepreneurship, New York: McGraw-Hill, 5th Edition.

Readings and Case Packet (available for purchase at bookstore)

IV. Student Assessment/Evaluation:

Midterm Examination 20%

Final Examination 25%

Original Concept and Business Model* 20%

Group Case Strategy** (oral) 10%

Interview of an Entrepreneur*** 15%

Class Contribution/Participation 10%

*Each student will form a team (maximum of three people per team) for the purposes of coming up with an original business idea, translating the idea into a well-conceptualized business concept, and then building a business model around that business concept. This business model must demonstrate the basic market and economic feasibility of the proposed business. Please note that the students are not developing a full business plan, and the specific issues to be addressed in the business model differ from those in a full business plan. A framework for doing the analysis and writing up the business model will be presented in class.

**Student will form five-person teams for the purpose of analyzing a case. Each team will be responsible for a fifteen-minute oral presentation of their solution for one of the assigned cases. Cases will be assigned to the teams during the first week of classes.

***Students will individually interview an entrepreneur based on an outlined structure provided in class. Selected entrepreneurs must have ventures at least two years old with a minimum of five employees and preferably at least ten employees.

Note: Extra credit opportunities will be made available on at least two occasions.

V. Attendance Policy:

Attendance is required. It is not an option. You are allowed two unexcused absences. If you miss more than two times, you will forfeit one letter grade (10%) in the course (the equivalent of your class participation grade).

VI. Participation Policy:

You are expected to come to class prepared, and play an active in the discussions that take place during class periods. This means reading all assignments and preparing all cases in advance. The issue is the quality of your contribution more than the quantity.

Participation/contribution includes asking questions, answering questions, agreeing or disagreeing with points made by the instructor or your peers, insights provided regarding the assigned cases, and examples that you bring into class of issues we are discussing.

VII. Teaching/Learning Style:

The course will involve a lecture format with extensive interaction between students and the instructor. The teaching style will mix theory and academic concepts with practical applications. Students will be challenged to grasp a concept or idea, relate it to other

concepts, and then apply it in real-world entrepreneurial contexts. In general, case discussions and student presentations will occur on the second meeting of each week.

VIII. Academic Integrity

All work in this course must be your own individual effort. Where you have a team assignment, the submitted or presented work must be solely that of the team members. Violations of this rule will be considered academic dishonesty and be referred to the Academic Disciplinary Committee. The The Martin J. Whitman School of Management has adopted an Academic Integrity Policy emphasizing that honesty, integrity and respect for others are fundamental expectations. The Policy requires all students who take SOM courses to certify in writing that they have read, understand, and agree to comply with the Academic Integrity Policy. SOM students should already have completed a certification statement. All non-SOM students enrolled in this course, including SOM minors, are also required to complete a certification statement available in the Undergraduate Office or the MBA Office. Completed statements are kept on file. The complete text of the Academic Integrity Policy can be found at http://sominfo.syr.edu/degree/ai_policy.html.

IX. Course Structure and Reading Assignments

(please note that we may at times move at a slower or faster pace depending upon class circumstances, student questions, and comprehension):

Week One Introduction to Course and to the Nature of Entrepreneurship;
Week of 8/25 Defining Entrepreneurship; The Entrepreneurial Mindset; The Entrepreneurial Process; Why Approaching Entrepreneurship as a Process is Central to the Course and the Concept; An Integrative Model of Entrepreneurship

Meetings One and Two: Read Allen, Chapter 1: Understanding Entrepreneurship

Week Two The Vital Role of Entrepreneurship in the Economy;
Week of 9/1 Forces in the Environment that Facilitate and Constrain Levels of Entrepreneurship in a Society or Community; How to Encourage Greater Levels of Entrepreneurship

Meeting One: Reading # 1 in Packet (The Entrepreneurial Revolution)

Meeting Two: Reading #2 in Packet (Environments for Entrepreneurship) and
Assigned Case: Eric Chang

Week Three "Who" is the Entrepreneur?;
Week of 9/8 Sociological and Psychological Characteristics; The Different Types of Entrepreneurs; Nature versus Nurture---Why Entrepreneurs are not Born; The Role of Individuals vs. Teams; Creativity and the Entrepreneur;

Meeting One: Read Reading #2 in Packet (The Entrepreneurial Individual)

Meeting Two: Allen, Chapter 8-The Founding Team and
Assigned Case: Byron Osing and Greg Thomson

Week Four Understanding The Nature of Opportunity;
Week of 9/15 Defining Opportunity; An Opportunity is Different from a Business Concept;
Sources and Types of Opportunity; Discovery versus Search; Where are the Emerging
Opportunities; Evaluating Opportunity; Windows of Opportunity; Understanding the Market
and the Customer Need; Buyer Behavior and Market Segments;

Meeting One: Read Allen, Chapter 3 and Reading #3 in Packet (Successful Entrepreneurs'
Insights into Opportunity Recognition)

Meeting Two: Read Allen, Chapter 4, Learning an Industry and Allen, Chapter 6, Analyzing
the Market and the Customer and Reading #4 (Opportunity Knocks- or Does it Hide?)
Assigned Case: Douglas Clements

Week Five Developing a Great Business Concept
Week of 9/22 From Product to Business Concept (the Value Proposition);
From Business Concept to Business Model; From Business Model to Business Plan; The
Nature of Successful Business Concepts; Sources of Concepts; What Makes for a Good
Concept; Components of a Complete Business Model; A Look at Successful and Failed
Business Models; Outline for a Business Plan

Meeting One: Read Allen, Chapter 5-Developing and Testing the Business Concept

Meeting Two: Read Allen, Chapter 11 The Business Plan;
Assigned Case: Mark Juarez

Week Six Expectations about Size, Growth, Returns and Risk
Week of 9/29 What About the Investment Model (Income, Growth or Speculative)? ; Ways
of Extracting Returns from the Venture; Types of Ventures; What it Takes to Actually Start a
Venture; Competitive Entry Wedges; The Concept of Risk; Types of Risk; Assessing Risk in a
New Venture;

Meeting One: Reading #5 (The Entrepreneur's Business Model)

Meeting Two: Reading #6 (Be Careful You May Succeed) (to be handed out) and
Assigned Case: Michael Darland

Week Seven The Economics of Start-up Ventures;
Week of 10/6 Types of Costs; Breakeven Analysis; The Concept of Operating Leverage; A
Simple Economic Model of the Venture; Economic Models that Make Sense and Don't Make
Sense;

Meeting One: Read Allen, Chapter 16; The Financial Plan and Reading #7 (Numbers for
Entrepreneurs)

Meeting Two: Read Allen, Chapter 9-Analyzing Start-up Financial
Risks and Benefits and
Assigned Case: Ben Bailey

Week Eight Tying Concepts from the first half of the course together;
Week of 10/13 Mid-semester review; Midterm examination

Week Nine Financing a New Venture;
Week of 10/20 Sources of Finance; Criteria Used by Different Sources of Finance; When to Go for Which Source

Meeting One and Two: Read Allen, Chapter 18- Financing Start-up and Growth

Assigned Case: Sally Corbin

Week Ten Valuation and Deal Structure
Week of 10/27 Placing a Value on a Business and Why it Matters in Entrepreneurship;
Approaches to Valuation; Quantitative and Qualitative Issues; Structuring the Deal;
Negotiable Terms and Negotiating Issues; Purchasing a Business

Meeting One and Two: Reading #8 (How to Evaluate a Firm and class handout)

Assigned Case: Knight Brothers and ThinkTanks (both cases as one)

Week Eleven Technology and the Entrepreneur;
Week of 11/3 Disruptive vs. Sustaining Technologies; The Technology Life Cycle; Four Technology Decision the Entrepreneur Must Make; Understanding Key Issues In Innovation and New Product/Service Development

Meeting One: Read Allen, Chapter 7-Analyzing Product/Service Risks and Benefits and Reading #9 (Intro. to the Innovator's Dilemma) (to be handed out)

Meeting Two: Reading #10 (Managers Misconceptions about Technology)
Assigned Case: Pradeep Singh

Week Twelve Marketing and the Entrepreneur;
Week of 11/10 How Marketing Evolves in Start-up Firms; The Marketing Mix; Product Strategies; Setting Your Prices; The Unique Selling Proposition; Crafting a Communications Approach; The Guerrilla Marketing Concept; Setting Up Distribution

Meeting One: Read Allen, Chapter 15- The Marketing Plan and Chapter 10: Analyzing the Value Chain

Meeting Two: Assigned Case: Julie Carter

Week Thirteen Operational and Legal Issues in Entrepreneurship;
Week of 11/17 Forms of Organization; Franchises, Licensing and Related Options; Bankruptcy and Other Issues Surrounding Failure;

Meeting One: Read Allen, Chapter 12- Analyzing Legal Risks and Benefits and Allen, Chapter 13-Management and Operations Strategy

Meeting Two: Read Allen, Chapter 14- Producing Products and Services and
Assigned Case: Dave Williams and Mike Ruffo

Week Fourteen Growing and Harvesting the Venture;
Week of 11/24 Desire for Growth and Ability to Manage Growth; Why
Entrepreneurs are not always Great Managers;
The Concept of Organizational Life Cycles; Family Business Issues; Exit Strategies

Meeting One: Read Allen, Chapter 17- Planning for Growth and Chapter 19- Planning for
Change

Week Fifteen Ethical Issues and the Entrepreneur
Week of 12/1 What is Ethics?; Unique Ethical Challenges in
Entrepreneurship; Where is Your Ethical Reference Point? Meeting One: Read Allen, Chapter
2- Ethics, Social Responsibility and the Start-up Venture Meeting Two: Reading #11 in
Packet
Read Assigned Case: Jessica Wallace Final Examination Scheduled: TBA (exams begin 12/8)

The Business Plan Laboratory (offered as a 1 credit hour elective for non-business students)

The Business Plan Laboratory has been created for non-business students who are either competing in the Syracuse Business Plan Competition, or have an idea for a venture but do not know how to put together a professional business plan. It will meet one night per week during the Spring Semester. The Lab will have a very "hands-on" focus, where we work with student business concepts in discussing how to put together a great plan, including the mechanics of such challenges as defining a market and estimating market size, constructing a workable model for making money, assessing the industry, designing an operating system, putting together financials, and much more.

NO BUSINESS BACKGROUND IS REQUIRED. The Laboratory will be taught this Spring by Dr. Michael Morris, Witting Chair in Entrepreneurship on Wednesdays from 7-9 p.m. For more information, call ext. 3164 or email Prof. Morris at mhmorris@syr.edu.