MBA 711 – Entrepreneurship
Founder’s Hall 118 (Arlington)  Wednesdays  7:20pm – 10:00pm

Course Syllabus and Schedule

Professor: Patrick Soleymani, MBA, JD
Office: 032 Enterprise Hall
Phone: (703) 993-5021
Email address: psoleyma@gmu.edu
Office Hours: Tuesdays 12:00pm – 1pm
Course Website (Blackboard): mymasonportal.gmu.edu

Purpose: This fundamental entrepreneurship course is designed as an introduction to new venture creation and the entrepreneurial process. Topics will include screening the opportunity, creating new ventures, evaluating the entrepreneurial team, product launch, financing, and exit strategies. The centerpiece of this course is developing a feasibility study for an actual idea or technology provided or approved by the professor. In the first few classes teams will choose a concept or technology for their feasibility study.

Learning Objectives: This course is for anyone who plans to participate in the creation, management, financing, or sale of a new venture. Emphasis will be placed on the start-up business, but we will also cover corporate and nonprofit ventures. Upon completion students should comprehend the language of entrepreneurship; be familiar with the new venture process; understand the distinctions between managerial and entrepreneurial behaviors; and be qualified to join an entrepreneurial team pursuing a new venture.

Prerequisites: Students should have completed basic courses in corporate finance and marketing. A course in business law is recommended, but is not required.

Format: The course will extensively use HBS (Harvard Business School) articles, which are available for purchase online. Cases discussed will include many developed by George Mason faculty from area start-up firms. Class discussions will center on analysis of cases, and your ongoing work to analyze your new concept or IP. The course will culminate in the preparation of a feasibility study by students working in teams. The professor should be viewed as a facilitator to discussion and not as an oracle.
Grading: Students in teams will prepare a feasibility study of up to 30 pages. The study will focus on “go to market” strategies for new IP (intellectual property) or a new product. The study is to be written by teams of 4 persons (please get permission if you need a larger team). The same teams will also prepare one case analysis for guiding class discussion. Peer evaluations will help differentiate your individual work from your team’s effort. For individual work, students will each prepare one research paper to share with the class. Students should note that class participation is not a trivial part of the grade.

Grading will be weighted as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>20%</td>
</tr>
<tr>
<td>Group Case Analysis</td>
<td>20</td>
</tr>
<tr>
<td>Individual Research Paper</td>
<td>25</td>
</tr>
<tr>
<td>Group Feasibility Study</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Grading Scale

- 93 – 100 A
- 90 - 92.99 A-
- 87 - 89.99 B+
- 83 - 86.99 B
- 80 - 82.99 B-
- 70 - 79.99 C
- Below 70 F

Required Text: We do not have a textbook. Selected articles must be purchased online from Harvard Business School (shown here as “HBS Article”). You will receive a separate email with instructions on how to access HBS online. Here is the link to the HBS site:

http://cb.hbsp.harvard.edu/cb/access/14368260.

Schedule: Wednesdays, 7:20 pm – 10:00 pm. Location: Arlington, Founders Hall 118.

Office hours: Tuesdays 12pm – 1pm, or by appointment, in Enterprise 032. The best way to reach the professor is email; please use your Mason email account when communicating to avoid spam filters and ensure confidentiality.

Case analysis (group): This course is different. Many of our cases are from local business situations; and the concept you will be developing for the semester project must be from a real-life idea or technology. Outside research of industries and competitors may be appropriate; you may also be able to speak to the entrepreneurs themselves. One case will be analyzed by your team. Case analyses must be written, double spaced, 11 pt. type, limited to 15 pages.

Feasibility Study (group): This project is to be done in a team (4 maximum). The due date for all the projects is December 5. Selected teams may present their findings on December 5. The Feasibility Study may not exceed 30 pages, double spaced, 11 pt. type. Details will be provided over Blackboard.
Course Outline

Aug 29
Introduction to Entrepreneurship
HBS Article: Analyzing a Case (HBS website online)
Case Sign-Up; Research Paper Sign-Up

Sept 5
Opportunity Recognition & Feasibility Analysis
HBS Article: Connect and Develop: Inside Proctor & Gamble (HBS website online)
Case 1: Silk Road Software (On Blackboard)

Sept 12
Industry & Competitor Analysis
HBS Article: Blue Ocean Strategies (HBS website online)
Shark Tank Viewing

Sept 19
Developing an Effective Business Model
HBS Article: Note on Business Model Analysis for the Entrepreneur (HBS website online)
Case 2: Zipcar: Refining the Business Model (HBS website online)

Sept 26
Building a New Venture Team
HBS Article: Entrepreneurship Reconsidered: The Team as Hero (HBS website online)
New Venture Team Lecture

Oct 3
Financial Analysis
HBS Article: Note on Building a Financial Model (HBS website online)
Case 3: Voter Online (On BlackBoard)

Oct 10 – No Class

Oct 17
Legal Organization & Ethical Issues
HBS Article: How Business Schools Lost Their Way (HBS website online)
Case 4: Siam Canadian Foods (HBS website online)

Oct 24
Intellectual Property
Case 5: Envirogenesis (On BlackBoard)
Oct 31
Writing a Business Plan
HBS Article: How to Write a Great Business Plan (HBS website online)
Case 6: Arts and Communications Counselors, Inc. (HBS website online)

Nov 7
Angel Capital & Private Equity; Loan Financing
HBS Article: Note on Bank Loans (HBS website online)

Nov 14
Venture Capital & Corporate Joint Ventures
HBS Article: How Venture Capital Works (HBS website online)
Shark Tank Viewing

Nov 21 – No Class; Thanksgiving Recess

Nov 28
Strategies for Growth; Execution; Performance; Franchising
HBS Article: Leading Change with the Strategy Execution System (HBS website online)
HBS Article: Franchisor strategy and firm performance (HBS website online)

Dec 5 (Last Class)
Exit Strategies & the IPO
HBS Article: A Note on the Initial Public Offering Process (HBS website online)
Case 7: Statewide Aluminum (On BlackBoard)
Feasibility Studies are Due
Research Paper Topics: Each student is required to prepare one brief (12 pages maximum, double spaced, 11 pt type minimum) research paper on a topic of his or her choice. If time permits, summaries will be delivered in class. Emphasis should be placed on good quality outside sources of information and, where applicable, citation of web sites. Use of peer reviewed articles is highly recommended; web research alone is not enough for superior work! The research paper is due on the specified date based on the selected topic:

Sept 12: Market Assessments. What are the best outside sources for market data? Which ones are most cost effective, or free? Is there value in expensive, paid, commercial research (e.g., Gartner Group)? Is the U.S. Census Bureau a good source for economic data?

Sept 26: Building Teams. Diversity is seen as a positive trait in successful teams. What does that mean for the startup? Diversity in what? – background, gender, ethnicity, or attitude? Explore the literature on diversity and team performance. What should the entrepreneur be looking for in a diverse team?

Sept 26: Team Incentives: The Stock Option. What are the elements of a good stock option plan? What tax considerations must be given? What is a “qualified” stock option plan under the tax law? What is the appropriate number of shares to reserve for employee options?

Sept 26: Team Incentives: High Tech Compensation. What is the market level of compensation packages for high technology workers in the Mid-Atlantic region? Survey and research to determine prevailing salaries, bonus incentives, and other forms of compensation. What are the general trends in the region? Propose alternative ways for the start-up entrepreneur to attract top-flight technical personnel.

Oct 3: Resources: Financial Advisors. Analyze the characteristics required of a CPA appropriate for a high potential start-up. What experience base is required of the start-up firm CPA? Is a background in auditing or operational accounting more beneficial? When should the high-growth firm engage national (Big-5) accounting firm assistance? Develop a checklist for interviewing and screening a bookkeeper, small-practice CPA, and major CPA firm.

Oct 17: Resources: Getting Organized. What are the potential forms of legal organization? Consider the C corporation, S corporation, LLC and partnership. What are the advantages and disadvantages of each? What are some of the advantages and disadvantages to incorporation in Delaware? What resources are available on the internet to help incorporate?

Oct 17: Resources: Legal Advisors. What are the characteristics of good legal counsel? How would you choose legal counsel for a start-up? What are the estimated fees and expenses for legal work for the first year of operations? What are the permissible forms of payment to legal counsel?
Oct 24: Intellectual Property. What are the differences between patents, trademarks, copyrights, and trade secrets? What are the pros and cons of each? How are these used in the software industry? What are the hot issues, and the trends we can expect for the next 10 years?


Oct 31: Business Plans: The Audience. What is an “accredited investor” under SEC Rule 501? Considering SEC rules 504, 505 and 506, what types of information may be shown to a prospective investor in a business plan?

Oct 31: Business Plans: An Outdated Format? One of the purposes of a business plan is to raise investor awareness. What is the best format? Is a PowerPoint better? Can a video be used? Does the plan have to be a tradition outline with spreadsheets? What about use of new graphics, online resources, or multi-media? Explore the options and the pros and cons of new media in business plans.

Nov 7: Venture Finance Basics. Review the size and scope of the venture capital industry in the U.S. How many venture funds and firms exist? How many deals are completed annually with professional “venture capital” firms? What are the odds for any new start-up to reach the stage of professional VC?

Nov 7: Angel Capital. What is it, who provides it, and how should we use it? What are the best practices in seeking and gaining angel investors for early stage companies?

Nov 7: Debt Basics. What is required to obtain a bank loan? What are the mechanics? What do we need to do before we meet the bankers? How can we be sure we choose the best bank?

Nov 7: Debt: The Loan Agreement. Identify the negotiable deal points contained in a standard revolving loan agreement. What are the “boilerplate” standard deal points? What should the entrepreneur seek to avoid in a lending agreement? What are the implications of the use of personal guarantees?

Nov 14: Corporate Entrepreneurship. Show evidence of corporate entrepreneurship among local area government contractors. Can government contracting be entrepreneurial? How? What are the arguments against entrepreneurial behaviors in the government contracting space?

Nov 14: Making the Deal: Joint Ventures. What is a joint venture? What are the elements of a successful joint venture? Develop a checklist for partnership arrangements in a technology industry setting. Distinguish a joint venture from a partnership and a “teaming arrangement” for cooperation within an industry.
Dec 5: Exit: The IPO. Research & analyze the recent (past 3 years) IPO market. What industries and market segments are most attractive for an IPO? How many planned IPOs failed during the same time period? Who were the major underwriters for the larger market segments? Put the IPO in context: what are the odds of a given start-up going public at any time?

Dec 5: Making the Deal: Negotiations. Read and report on at least 2 background sources on conducting good negotiations. (e.g., Getting to Yes, Fisher; Creative Business Negotiating, Nierenberg.) Is it art or science? What are the key lessons in conducting successful negotiations. How should the entrepreneur play the role of negotiator? How should the entrepreneurial team be structured to have the most successful negotiations?