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; new patents and IP developed by Mason faculty will be available for this project.

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: There is no textbook. The course will use HBS (Harvard Business School) articles which are available for purchase online. Cases discussed will include mostly those developed by the professor from area start-up firms. Class discussions will center on analysis of cases, and your ongoing work to analyze your new concept or IP. A limited number of guest speakers will supplement our discussions. 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 may be written by teams of up to 4 persons (please get permission if you need a larger team, or would like to work alone). For individual work, students will analyze one case and also prepare one research paper to share with the class. Peer evaluations will help differentiate your individual work from your team’s effort. Students should note that class participation is not a trivial part of the grade.
Grading will be weighted:

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<tr>
<th>Component</th>
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<tr>
<td>Class participation</td>
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<tr>
<td>Individual Case Analysis</td>
<td>25</td>
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<tr>
<td>Individual Research Paper</td>
<td>15</td>
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<tr>
<td>Group Feasibility Study</td>
<td>40</td>
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<td>Total</td>
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Grade Structure

- 95 – 100 A
- 90 - 94.99 A-
- 85 - 89.99 B+
- 75 - 84.99 B
- 70 - 74.99 B-
- 65 - 69.99 C
- Below 65 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: [https://cb.hbsp.harvard.edu/cbmf/access/20444298](https://cb.hbsp.harvard.edu/cbmf/access/20444298)


**Schedule:** Tuesdays, 7:20 pm – 10:00 pm. **Location:** Arlington, Founders Hall 121.

**Office hours:** Before class, or appointment, Enterprise 221. The best way to reach the professor is email; *please use your GMU account to avoid spam filters.*

**Case analysis:** This course is different. Most 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 entreprenuers themselves. You will analyze one case individually (no teams, this is part of your individual work). All case analyses must be written, double spaced, 11 pt. type, limited to 30 pages. **Note that students will NOT present their case; all students must be prepared to fully discuss the details of every case in class.** Select a case the first day of class.

**Feasibility Study (individual or group):** This project may be done in a team (4 maximum) or individually. The due date for the written Feasibility Study is Friday, November 22 (just before Thanksgiving break). Selected teams may present their findings on December 3 (our last class). The Feasibility Study may not exceed 30 pages, double spaced, 11 pt. type. Details will be provided over Blackboard.
Course Outline

Class 1: Aug 27
Introduction to Entrepreneurship
HBS Article: Analyzing a Case (HBS website online)
Learning Assessment Pre-Test (Not graded)
Case Sign-Up; Research Paper Sign-Up

Class 2: Sep 3
Opportunity Recognition & Feasibility Analysis
HBS Article: Connect and Develop: Inside Proctor & Gamble (HBS website online)
Case 1: Silk Road Software (On BlackBoard)

Class 3: Sep 10
Industry & Competitor Analysis
HBS Article: Blue Ocean Strategies (HBS website online)
Case 2: Career Magic (On BlackBoard)

Class 4: Sep 17
Developing an Effective Business Model
HBS Article: Note on Business Model Analysis for the Entrepreneur (HBS website online)
Case 3: Global Pathways (On BlackBoard)

Class 5: Sep 24
Building a New Venture Team
HBS Article: Entrepreneurship Reconsidered: The Team as Hero (HBS website online)
Case 4: The Case of Ernest Shackleton (HBS website online)

Class 6: Oct 1
Financial Analysis
HBS Article: Note on Building a Financial Model (HBS website online)
Case 5: Voter Online (On BlackBoard)

Class 7: Oct 8
Legal Organization & Ethical Issues
HBS Article: How Business Schools Lost Their Way (HBS website online)
Class 8: Oct 15
Intellectual Property
Guest Speaker: David Grossman, Patent Agent, George Mason University
Case 6: Envirogenesis (On BlackBoard)
Feasibility Study Summary is Due

Class 9: Oct 22
Writing a Business Plan
HBS Article: How to Write a Great Business Plan (HBS website online)
Case 7: At Eleven (On BlackBoard)

Class 10: Oct 29
Angel Capital & Private Equity; Loan Financing
HBS Article: Note on Bank Loans (HBS website online)
Guest Speaker: Joe Paulini, President, Millennium Bank (invited)
Case 8: Compliance One (On BlackBoard)

Class 11: Nov 5
Venture Capital & Corporate Joint Ventures
HBS Article: How Venture Capital Works (Available online)

Class 12: Nov 12
Strategies for Growth; Execution; Performance
HBS Article: Leading Change with the Strategy Execution System (HBS website online)
Case 9: WorthPoint (On BlackBoard)

Class 13: Nov 19
Exit Strategies & the IPO
HBS Article: A Note on the Initial Public Offering Process (HBS website online)
Case 10: Statewide Aluminum (On BlackBoard)

Class 15: Nov 26
Wrap Up
Feasibility Studies Presentations Due

Class 14: Dec 3 (Last Class)
Feasibility Studies Presentations
Selected Presentations In-Class
(Not all will have time to present)
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. Select one of the following, or you may develop your own topic with the professor's prior approval. 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!

Any Date: The Entrepreneur: Born or Raised? Is entrepreneurship innate, or can the skills of the entrepreneur be taught? What does the discipline of psychology have to say? Explore this subject using available research resources and biographies. Cite at least 2 case examples (e.g., Steve Jobs, Preston Tucker) to support your argument. Consider sources of outside research and opinion.

Any Date: The Entrepreneur. Read and report on at least 2 biographies of a favorite modern entrepreneur (e.g., Watson, Kroc, Revson, Walton, Amdahl, etc.). From contrasting viewpoints, what is your conclusion on the question of entrepreneur: born or raised? How do these 2 (or more) historic individuals compare in their styles, drive, and luck?

Any Date: Social Entrepreneurship. What is it? What makes an enterprise “socially responsible?” Does any enterprise that provides social benefits qualify? What about requirements for a market solution to a social problem – is that the definition of social entrepreneurship?

Class 3: Market Assessments. Develop and present a "top down" method for assessing market potential in a given industry. Starting with the broadest market assessment (e.g., market size, population, predicted dollar sales, etc.) What are the available demographic or psycho-graphic statistics? What sources of market research are available to support the entrepreneurs’ arguments about market size and characteristics? How would you incorporate this market research into a brief business plan? Who are the better standard sources of market information, and where can they be found?

Class 3: Market Assessments. Build a "bottom up" predictive model of market assessment which could be used to assess future financial success in a given industry. The model should begin with the lowest level of sales activity (e.g., sales calls per day; web inquiries per month), and progress through revenue generation, possible direct and indirect costs, and finally profitability. Where would you go to get good information on the predicted activity levels of a sales force, call center or web traffic? How would you incorporate that into your model?

Class 3: 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?
Class 5: 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?

Class 5: 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?

Class 5: 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.

Class 6: 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.

Class 7: 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?

Class 7: 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?

Class 8: 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?

Class 8: Intellectual Property. What are the mechanics of obtaining a patent? Can we file ourselves? What do we do? What would it cost? What is the best practical approach to obtaining a patent on a limited budget? H

Class 9: 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?
**Class 9: Business Plans: Commercial software packages.** Analyze the pros and cons of a popular commercially available software package for business planning. What could be done to improve or modify the final plan as developed by the package? In your estimation, should the serious entrepreneur use a package or not?

**Class 9: 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.

**Class 10: 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?

**Class 10: 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?

**Class 10: Angel Capital: The Rules.** Explore the SEC rules for seeking angel investors. What may and may not the entrepreneur do? What are the practical implications for small companies? What are the future trends in rules governing angel investments?

**Class 10: 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?

**Class 10: 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?

**Class 11: VC for Start-Ups.** Is true venture capital available for start-up or early stage companies? How does it differ from other VC firms? Prepare a brief data base of those firms which are active in the market, and identify their basic investment criteria.

**Class 11: 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?

**Class 11: 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.

**Class 11:** Overhang. What is "option overhang"? How can it affect the ability of the high potential venture to grow? How can you adjust or change a stock option plan to prevent excessive option overhang in the future?

**Class 12:** Rapid Growth and Exit: the ESOP. What are the elements of an employee stock ownership plan? When is the use of an ESOP appropriate for effecting an exit strategy? What are the general size requirements, and purchasing capacity of an ESOP?

**Class 13:** 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?

**Class 13:** 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?

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**HONOR CODE:** any cheating, fabrication, plagiarism, or facilitating academic dishonesty by another will result in confiscation of the subject work or exam, and a grade of zero on that work. It is your responsibility to know and to follow George Mason University’s policy on intellectual integrity. Please see: http://academicintegrity.gmu.edu/honorcode/
Case Sign Up

Most of the cases we will analyze this semester are local companies, with local players. Some of the names have been changed, to protect the innocent. Some of these companies have been successful; most few failed at some point along the road to the fabled IPO. The question is: Why?

Please remember that you have both a Team case to write, and an Individual case analysis. You may email me with your pick for your individual case analysis.

Material will be provided through the University’s BlackBoard link. In the event that the materials are not available or the system is down, they can be e-mailed to you directly.

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<tr>
<th>Date</th>
<th>Case</th>
<th>Student Individual Case Analysis</th>
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<tbody>
<tr>
<td>Aug 27</td>
<td>No case – first class</td>
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