Entrepreneurship

COURSE NUMBER: 33:3823:303
COURSE TITLE: Managing Growing Ventures

COURSE DESCRIPTION

Entrepreneurship is a great vehicle for building wealth and achieving personal fulfillment. However, it is a difficult and challenging endeavor. The thrill of starting a new business is often replaced very quickly with financial devastation and the self-doubt that failure sometimes brings. However, while many fail…many succeed. Those that do more often than not do so because they take a good idea, a great work ethic and have the ability to manage their business successfully. The ability to manage growth is the hallmark of any successful venture.

This course is predicated on the premise that managing and growing a successful entrepreneurial company is a process that can be learned. It also builds on the idea that entrepreneurs must continually and creatively adjust their business model, including products and/or services, to stay successful.

We will begin by taking either a promising early stage startup or a small business that has been operating for a while but the owners are looking for fresh ideas to grow or otherwise strengthen the business. We will explore the process for transforming this existing small business into one that:

1) Solves customer problems in a new and valuable way or delights customers with new experiences;
2) Makes money for the owners, investors and employees;
3) Is sustainable for the long term.

In addition to developing a profitable and sustainable business we want to grow one that:

1. Produces interesting products or services
2. Creates jobs
3. Accomplishes what others have failed to do
4. Attracts satisfied customers
5. Pays employees a good wage on a regular basis
Has the financial breathing room for innovation, experimentation, and growth.

COURSE MATERIALS

2. **Effective Small Business Management: An Entrepreneurial Approach, 10th Edition**

**CLASS ORGANIZATION & ADMINISTRATION**

1. **Learning Approach:** In class exercises and in depth discussions. Be prepared for every class; read the assigned work and think through any assigned questions before each class. In class we will discuss, clarify, and carry out the work to prepare for assignments.

2. **Learning Process:** Students will form teams of 2--4 people for the purposes of this assignment (I can assist with this process if necessary, but once teams are formed, they must stay together for the duration of the course). Each team will need to identify an *existing* business plan to develop for this project. If you have an existing business plan, or if you know of an existing business plan, you are more than welcome to use it as a starting point for your growth plan. If not, you must identify a business to analyze. Rutgers University Library has an online archive of business plans that you may use as a resource. Form teams, and each team will adopt a small business using SBDC cases or plans from archive, or a full plan that you already have or find elsewhere (*I must approve—no nightclubs/bars or restaurants*). Each team will prepare a growth plan for the existing business.

The growth plan will cover all components that the team deems necessary to sustain, a business increase profitability or position for investment, financing, acquisition. Each team will be required to:

   a. Analyze existing business by working through plan and identifying current business elements that are defined in course books, the pattern of these elements, and current leaps of faith that must be tested and verified. You will then be required to enhance the operational components of the business.
   b. Map out the current cash flowing into and out for what purposes at what times.
   c. Develop an environmental assessment and SWOT analysis.
   d. Offers strategies for where the business can go from here to overcome weaknesses and threats, leverage strengths and opportunities, and achieve sustainability and long term profitability.

A major component of this course is the development of a growth plan that identifies a specific way in which a business might profitably grow, and provides a detailed implementation of that growth. Each growth plan must be a minimum of ten (10) pages and no more than fifteen (15). The plan must be double spaced and illustrations can be attached if desired. The content format for the plan will become evident as we go through the class.

2. **REQUIRED READING**
The required reading for this course consists of selected material from the required course material. On occasion, I will provide you with cases and handouts that we will discuss in class. Additional readings may be available through the Blackboard website. I will advise you of such prior to the readings being assigned.

**CLASS PARTICIPATION**
You should come to class with the expectation that you may be “cold called” to answer any discussion questions in some depth, or questions relating to the conceptual material. The course is not designed for passive learning—I will very rarely lecture.
Some of the specific things that have an impact on effective class participation and on which you will be graded include:

- Is the participant a good listener?
- Are the points made relevant to the discussion? Are they linked to the comments of others and to the themes that the class is exploring together?
- Does the speaker sustain a line of argument or point of view through a significant part of the class session, or is it an isolated comment?
- Do the comments/questions add to our understanding of the situation? Are they incisive? Do they cut to the core of the problem?
- Is there a willingness to challenge the ideas that are being expressed?
- Is there a willingness to test new ideas, or are the comments “safe” (such as repetition of case facts without analysis or conclusions, or of a comment already made by someone)
- Does the participant integrate material from past classes or the readings where appropriate? Do the comments reflect cumulative learning over the course, or does the participant merely consider each case in isolation?

Your active and effective contribution to your team will be reflected in your participation grade. However, teams will also evaluate their team members’ performance and effort. **I will drop the entire course grade one full grade level for people who receive a low evaluation on their team work.**

Participation that reflects your understanding of the assignments and your ability to apply these ideas counts for 20% of your grade. 2 points per class: 0 if absent; 1 if you contribute a bit to discussions; 2 if you apply the reading material thoughtfully and fully in the team assignments and class discussions.

5. **IN CLASS QUIZZES**
From time to time we will have a short quiz in-class. The quizzes may contain multiple-choice and short answer questions on any material that we have covered up to the time of the quiz, including but not limited to material from assignments, material covered in lecture, and material brought up during our case discussions. These quizzes are designed to test your understanding of the key concepts of the course, and to allow me to identify any situations where students are not keeping up with course material. In general, I will not give advance notice about in-class quizzes.

6. **CLASS CONDUCT**
- No electronic devices allowed in class. All phones and handhelds are to be turned off; all computers are to be turned off except when usage is authorized by me.
- Please do not leave the room during the class; go ahead of time!

7. **ATTENDANCE**
Class attendance is mandatory. Please arrive on time, stay until the end of class, and be fully engaged for the time we spend together. I realize that there may be occasions where students are unable to attend class for legitimate reasons. For this reason, I allow two absences for each student in class. You need not inform me of these absences before or after the fact, and I do not need to know what the reasons for these absences are. More than two absences will detract from your class participation score. In addition, students who enter the classroom late or leave class early disrupt the flow of discussion. As a result, repeated tardiness or early departure will also detract from your class participation score.
8. PEER EVALUATION
This component is an essential learning experience. Most managerial decisions are made by working with your peers to find the best answer to a problem given the information available. As a result, much of your work in this class will be performed in groups. The ability to effectively evaluate your peers is a critical part of working in an environment where collaboration is essential.

During the semester, I will provide you with opportunities to provide confidential feedback on the performance of your teammates. Your final peer evaluation grade will be based on my evaluation of your feedback on peers as well as my evaluation of how your group members evaluate your contributions to group work.

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FINAL GRADE ASSIGNMENT

Class participation and final grades in this course reflect my substantive evaluation of your performance. While these assessments are to a large degree *subjective*, I assure you that I will be transparent about the standards that will be applied. The standards will be applied equally to all students. After substantively evaluating your performance, I assign a letter grade and number grade using the following scale:

<table>
<thead>
<tr>
<th>Substantive Evaluation</th>
<th>Letter Grade</th>
<th>Numeric Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>A</td>
<td>91.0 – 100.0</td>
</tr>
<tr>
<td>Very Good</td>
<td>B+</td>
<td>86.0 – 90.9</td>
</tr>
<tr>
<td>Good</td>
<td>B</td>
<td>81.0 – 85.9</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>C+</td>
<td>76.0 – 80.9</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>71.0 – 75.9</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>D</td>
<td>65.0 – 70.9</td>
</tr>
<tr>
<td>Failing</td>
<td>F</td>
<td>0.0 – 64.9</td>
</tr>
</tbody>
</table>

Your final grade will be weighted as follows:

Team Growth Plans - 50%
Class Participation - 20%
In class quizzes/assignments - 20%
Peer Evaluation - 10%
Entrepreneurship (33:382:303)

COURSE SCHEDULE

**Week One 1/22: Introduction**

**Learning Objectives:**
- Provide overview of methodology/objectives and how you will be evaluated
- Read business plans on Blackboard – Select 3 in order of (level of interest)
- Divide into teams

**Assigned Reading:**
- Scarborough Chapter 1
- BMG beginning thru page 51
- Case Study #1

**Week Two 1/27-1/29: Why Small Businesses Fail**

**Learning Objectives:**
- Gain an understanding of the basic economic model of a business
- Review the function of financial statements
- The impact of costs and revenue on business decisions

**Discussion:**
1. Why do small businesses fail? Causes/Problems
2. How can these causes/problems be avoided?
3. Why is it important to study the small business failure rate?
4. As an entrepreneur what should your attitude toward failure be?

**In class:**
(Monday) Break into teams: Assign business plans and discuss growth plan exercise
(Wednesday) Analysis of Case Study #1

**Assigned Reading:** Scarborough Chapter 2
Handout on Industry Analysis

**Week Three 2/3-2/5: Assessing the Current State of the Business-Environmental Analysis**

**Learning Objectives:**
- Gain understanding of market/customer segments
- Value proposition
- Channels
- Customer relations
- Revenue streams
- Gain an understanding of the operations element of the business
- What are the key resources
- Key activities
- Key partnerships
- Cost structure

**Discussion:** Discuss how they pertain to your business/what is missing or needs to be enhanced/what works. Each team will be assigned one element to explain to class
**Assigned Reading:** BMG pp. 52-119
198-211

**Week Four 2/10-2/12: Assessing the Current State of the Business (can’t)**

**Learning Objectives:**
- What does our business model look like?
- What’s missing?
- How is our cash flow?

**Discussion (Monday):** Each team will present one pattern to the class and provide an illustration of that pattern. Be prepared to discuss how the pattern does/does not apply to your business model. How did you assess your canvas?

**Assignment:** As a team prepare key questions for market research for each of the four subsections

**Discussion (Wednesday):**
- How does market research help us to determine how to grow our business?
- How do we find out?
- What key questions need to be asked and answered in terms of market research?
- In doing this analysis what does it tell us that we also need to know?
- Share market research questions with class

**Assigned Reading(s):** BMG pp. 212-225
Review Scarborough Chapter 2
MG-Handout/Case Study #2

**Week Five 2/17-2/19: Assessing the Current State of the Business (cont.)**

**Learning Objectives:**
- How to construct a SWOT Analysis

**Discussion:**
1. What is the difference between strengths and weaknesses?
2. What is the difference between opportunities and threats?
3. How do you, the entrepreneur determine what your competitive advantage is?
4. How does this impact our growth plan?

**In class homework:** Each team will prepare an integrated map of your strengths & weaknesses, why and how they interact. Based upon your market research what does the data suggest for addressing your key questions developed above? We will critique and offer suggestions for final presentation.

**Week Six 2/24-2/26: Assessing the Current State of the Business (cont.)**

**Learning Objective:**
- Obtain an understanding of the value of a SWOT analysis for your business

**Assigned Reading(s):** BMG pp. 122-146
Scarborough Chapters 9
Week Seven 3/3-3/5: Position Definition & Evaluation

Learning Objectives:
- Identifying the four epicenters of business model innovation
- Name & define the four P’s of marketing
- How to identify specific customer segments for your business
- How to develop a low cost strategy
- How to develop a differentiation strategy
- How an advertising budget reflects changes in pricing, consumer willingness to pay, demand and profitability.
- How to prepare a break even for selling prices and quantities

In class:
- (Monday) Prepare a strategic position for your growing business that will increase profitability
- (Wednesday) Present your assessment of the relationship between your businesses basic strategies, product, pricing, promotion and the challenges and opportunities presented by the industry that you are in

Assigned Reading(s): Scarborough Chapter 11

Week Eight 3/10-3/12: Position Definition & Evaluation (cont.)

Learning Objective(s):
- How to prepare a break even for selling prices and quantities
- How to develop pricing strategies

In class: Break even and pricing exercises

Assigned Reading(s): Scarborough Chapters 13
BMG pp. 265 - 273

3/17 – 3/19     SPRING BREAK

Week Nine 3/24-3/26 Business Growth through Technology & Operational Advantage

Learning Objectives:
- Obtain overview of fundamental technological and operational advantages (ex: intellectual property, scale economies, experience curve and network effects
- Gain an understanding of how technological or operational advantage relates to basic strategy
- Gain an understanding of how technological or operational advantage relates to industry challenges
- Provide an overview of how investments in technology or operations will enhance the likelihood of achieving profitability of a small business

Assigned Reading(s): Scarborough Chapters 4 & 5
Case Study#3

Week Ten: 3/31-4/2 Asset Investment & Development
Learning Objectives:
• Obtain an understanding of the importance of assets to a growing venture
• How to use a balance sheet, earnings and market approaches to value a business
• How to determine what valuation approach is relevant in a particular context
• Gain an understanding of the difference between a valuation concept of a business to the resources & capabilities concept of the business
• What is good will? What is blue sky?

Discussion/Team Work: (Monday)
1. How much negative information will a seller provide you with? How can you find it out?
2. What is the best method of valuing a business?
3. How should you evaluate a business’s goodwill/blue sky?
4. What asset investment & development needs do our businesses have?

Discussion/Team Work: (Wednesday) Case Study-Business Valuation

Assigned Reading(s): Scarborough Chapter 19

Week Eleven 4/7-4/9: Asset Investment & Development (cont.)
Learning Objectives:
• Obtain an understanding of employees as productive/performing assets
• Gain an understanding of human capital, social capital and organizational structure
• Strategies for maximizing value of employees, maintaining control over key employees and maintaining business growth
• How to ascertain when to hire employees/augment staff/downsize and determine the value in doing so

Discussion/Team Work: (Monday) Case Study
Discussion/Team Work: (Wednesday)
1. Case Study
2. Determine and propose investments your company can make in human and social capital as well as organizational structure. Be prepared to discuss the value in doing so.

Assigned Reading(s): Scarborough Chapters 7 & 8
Assigned Reading(s): Scarborough Chapters 14 & 15
Assigned Reading(s): Financial Statement Analysis Handout

Week Twelve 4/14-4/16: Managing Financial Operations
Learning Objectives:
• Key business ratios and how to use them to evaluate business performance
• The ramifications of undercapitalization on an existing business
• Gain an understanding of key financial statements and the distinction between and value of each
• Discuss various methods for raising capital
• Compare the advantages and disadvantages of debt and equity
• Gain an understanding of the appropriateness of, value of and impact of the injection of debt and equity on business cash flow
• How to determine when a business will run out of cash without the injection of debt or equity
• How to develop credit strategies

Discussion/Team Work: (Monday/Wednesday) - Prepare & submit business financial projections & analyze ratios. Conduct financial analysis of your businesses.
Discussion/Team Work: (Wednesday) Complete & submit financials projections

Week Thirteen 4/21-4/23 Presentation Skills
Learning Objectives:
• Identify distinction between spoken vs visual presentations-pros/cons
• Strategies in designing presentations that engage your audience and convey the information
• Discuss presentation format

Discussion/Team Work: Work on growth plans and presentations

APRIL 25TH
GROWTH PLANS & TEAM MEMBER EVALUATIONS DUE – 5PM

Week Fourteen 4/28-4/30
FINAL PRESENTATION OF GROWTH PLAN

Week Fifteen 5/5-5/7
FINAL PRESENTATION OF GROWTH PLAN