COLUMBIA UNIVERSITY
COLUMBIA BUSINESS SCHOOL
EXECUTIVE MBA PROGRAM

Launch Your Start Up
B7519
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Friday/Saturday
Spring 2021

PROFESSOR JACK M. KAPLAN

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COURSE DESCRIPTION:

This “hands-on” applied course focuses on the creation, evaluation, development and potential launch of a new business or social venture. For each new venture, key issues are addressed in a fashion highly consistent with other formal venture planning processes including: in-depth industry and market analysis, market validation, product or service design, value proposition, development of a sales and marketing (channel) model, the team (human capital), profit models, financing, legal and fundraising. Throughout the class you will continually seek to refine (a) your venture’s value proposition, and (b) all core elements of your business model based on instructor, visiting experts, and peer feedback.

To enroll in this class, it helps to have a “vetted” business or social venture concept prior to joining the class. A previously vetted venture concept includes ideas that have been worked on in earlier MBA or other graduate classes, presented in formal venture competitions, or formulated within formal venture creation program outside of University. You are allowed to join the class as part of a venture team (within or external to the class) who has been working on a new business idea prior to the class. It is entirely permissible to change projects (“pivot”) or join another peer team after the class has started.

Working individually or preferably in teams (of no more than five), students spend the entire term developing an effective and comprehensive plan for a “real” venture concept, with proof of concept including customer-based market validation and early product/service prototypes. Students complete the class with a comprehensive new venture planning document, investor pitch, a minimal viable product, and validated business model.

New venture ideas must be something that the student(s) are passionate and are capable of near term execution. Throughout the semester, students will refine their venture opportunity into a written planning document and oral presentation ready to seek funding from appropriate sources and commence operations. Projects should reflect students’ genuine interest, but do not need to be tech-centric, venture capital-type projects or even “for profit” (many students have taken the class for a successful non-profit company). By the second week of class, all students are expected to solidify the venture concept they wish to pursue throughout the term or have joined another team.

New venture projects can be based upon students’ own ideas or, in some cases, other start-ups that have requested assistance from Columbia students. If a project is based upon a student’s idea, then unless a written agreement states to the contrary, the ownership of the idea and the work done during the semester is the property of the student(s) who had the original idea. All participants sign a non-disclosure agreement so we can engage in open discussions about each other’s venture.
Course Assignments

1. Textbook


2. Case Analysis:
Prepare case analysis as appropriate using the case questions. Analysis should be 4-6 pages in length. Cases must be handled in the day they are discussed in class. You are to come to class prepared to discuss each case and contribute to the overall development of understanding of all class members. Some teams you may be asked to lead the opening discussion of the assigned case.

Case assignments can be submitted as a team of 2-5 students.

<table>
<thead>
<tr>
<th>Product #</th>
<th>Title</th>
<th>Case Topics</th>
</tr>
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<tbody>
<tr>
<td>CBS</td>
<td>Datamark</td>
<td>Opportunity Recognition, Market Analysis,</td>
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<tr>
<td>Position</td>
<td></td>
<td>Competitive</td>
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<tr>
<td>CBS</td>
<td>Spinback case</td>
<td>Raising Capital, venture capital options</td>
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3. Readings:

<table>
<thead>
<tr>
<th>HBR Product No.</th>
<th>Title</th>
<th>Author</th>
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<tbody>
<tr>
<td>R0704</td>
<td>Finding Your Next Core Business</td>
<td>Zook</td>
</tr>
<tr>
<td>R00551</td>
<td>Knowing a Winning Business Idea</td>
<td>Chan Kim</td>
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<tr>
<td>9-807149</td>
<td>Common Angels</td>
<td>Applegate</td>
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<tr>
<td>F00401</td>
<td>Can you patent your business idea</td>
<td>Todd Dickinson</td>
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<td>R1212x</td>
<td>How much is sweet equity worth</td>
<td>Marquis and Maegolis</td>
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<td>Entrepreneur Agreements:</td>
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<td>o Founders Agreement</td>
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<td>Listed on Canvas</td>
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To help develop the venture plan over the course of the class, some of the elements of the final paper will be due throughout the class. The following is a list of key dates for deliverables:

**Summary of Team Assignments:**

- Discuss and select team members for venture  
  January 8
- Submit the worksheets 1 and 2 on canvas  
  January 9
- Submit the 3 interviews with potential customers  
  January 22
- Build the Canvass Model (9 sections)  
  February 5
- Submit the Datamark Case  
  February 20
- Submit the Break-even analysis- see textbook for details  
  March 6
- Submit the marketing section for your business venture  
  March 6
- Class review of the Spinback case (no written Assignment)  
  March 12
- Demonstrate Minimum Viable Product  
  March 12
- Submit the funding and P & L plan  
  March 26
- Final “Investors’ oral Presentation Last class  
  April 12
- Final venture project memo due (no class)  
  April 19
- Each team will submit their final power point presentation followed by a memo(5-7 pages) or word file containing the following:
- Describe the legal entity for the venture, state incorporated, and reasons why.
- Describe the stock offering, authorized versus issued, stock options and founders equity allocation
- Describe the required financing needed for the first year of operation, with whom will you solicit,
- Who will be your first-year hires, contractors, employees, compensation?
Team Deliverables:

Interviews with 3 potential customers or partners for customer discovery. Due January 22

Summarize, on one-two pages, what you learned about your venture idea from interviews with at least three named (not anonymous) strangers. Provide one short summary paragraph per interview. Important interviews with people previously known by you can also be included. These interviews can and should include: potential customers (including, if applicable, purchase decision makers, distributors, store buyers and end-users), suppliers, investors, people in similar businesses, experts, etc.. Be prepared to present a 5 minute summary in class

Break-even analysis-see text book or class web site for details

Provide a “simple” breakeven analysis. Identify your economic unit of analysis (typically a single sale). Identify and list all of your fixed costs, including amortized capital expenses. Determine selling price, variable costs and the marginal contribution from each sale. Be certain to list all of your assumptions. Divide fixed costs by marginal contribution to determine break even. Calculate break even in terms of dollars and unit sales. After completing the analysis, assess and comment on the likelihood of your venture being profitable. Due March 6

Demonstrate a minimum Viable Product.- Participants develop a minimum viable product that embodies the essential features of the product or service and the potential solution being solved. Due March 12

Evaluation and Course Work

Grades will be calculated using the following weights:

1. Final venture Plan Project 45%
2. Team Presentations 20%
3. Case analysis 20%
4. Class Participation 15%

Getting Started with your idea.

Early in the course, students will be invited to “pitch” the class on opportunities they wish to explore and
“recruit” teams to work on the project. Each team will then work on the diagnostic assessment and presentation, with interim presentations as each section is drafted.

- Description of the opportunity
- Market
- Product or service
- Competition and competitive insulation
- Management
- Key risks, financial requirements
- Timing

Final Group Project

1. The course has no midterm or final exam. Instead, a written evaluation of the venture selected and corresponding oral presentation is required.

Final delivery of plan, due April 19
- Each team will submit their final power point presentation followed by a memo containing the following:
  - Describe the legal entity for the venture, state incorporated, and reasons why.
  - Describe the stock offering, authorized versus issued, stock options and founders equity allocation
  - Describe the required financing needed for the first year of operation, with whom will you solicit, how, what type of security? And what terms do you anticipate?
  - Who will be your first-year hires, contractors, employees, compensation

Schedule
<table>
<thead>
<tr>
<th>Date</th>
<th>Session #</th>
<th>Topics, Readings and Assignments</th>
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| Jan 8 | 1         | **Topics: Managing and Starting a Venture:**  
|       |           | ► Introduction and course outline, framework for new Ventures  
|       |           | ► How to define customer problems, jobs and desired outcomes  
|       |           | ► How to identify early customers, users, beneficiaries  
|       |           | ► How to create a concise problem statement  
|       |           | ► what pre-screening factors determine whether the venture is right for you  
|       |           | ► Window of Opportunity recognition  
|       |           | ► Customer discovery  
|       |           | ► Discuss your venture ideas and opportunities  
|       |           | **Readings**: “Entrepreneurship” Chapters 1 and 2  
|       |           | “Knowing a Winning Business Idea when you see one”  
|       |           | **Assignments:**  
|       |           | Please be prepared to discuss your team idea in class 5 minute pitch that describes the problem you are solving and a possible solution. Also indicate if you are looking for additional students to join your team.  
| Jan 9 | 2         | **Topics: Opportunity Identification and Evaluation**  
|       |           | ► What a business model entails, and how these models are used to develop and validate new venture concepts  
|       |           | ► Each of the nine components of a Business Model Canvas  
|       |           | ► How to build the first draft business model for your venture idea  
|       |           | **Reading:**  
|       |           | | HBR Product No. | Title |
|       |           | R0704 | Finding Your Next Core Business |
|       |           | R00551 | zook Chan Kim Knowing a Winning Business Idea |
**Assignments: Deliverable:**

Turn in Your worksheet 1, **what is your Venture?** worksheet 2. **Is the Venture Right for You?**  
Be prepared to discuss your venture in class.

<table>
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<tr>
<th>Jan 22</th>
<th>3</th>
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| **Conducting Customer development, Market Analysis and Customer Validation and Canvass Model**  
YOU WILL HAVE THE OPPORTUNITY TO LEARN  
- Review customer discovery process, including conducting interviews,  
- who you plan to interview, questions to ask,  
- Introduction to Customer Discovery and Development  
- Mapping Custom Experience and Profile Development  
- Class review of the business canvas model  
  - Verify the business model or pivot  
  - Customer segmentation and channels  
  - Benchmarking to the competition  
  - Preparing the pricing and sales strategy  
  - Does anyone have a sustainable competitive advantage?  
  - How does your product compete in this market? What are YOUR advantages? Do customers value these advantages?  
  - How might you design a strategy that leverages your advantages and navigates around your competitor's advantages.  

Read entrepreneurship chapter 3, 4  
**Assignments:**  
- Selected teams will present their interview results  
- Submit the 3 marketing interviews with potential partners on canvas.

Prof. Kaplan will introduce the Datamark case a loyalty and gift card provider for the retail industry. This is Professor’s Kaplan third company that he started. Students will evaluate the venture and answer the case questions listed in the casebook. **Due Feb. 20**
Jan. 23 4

**Topic:** Conducting Customer development, Market Analysis and Customer Validation and Canvass Model:

YOU WILL HAVE THE OPPORTUNITY TO LEARN

- What role market research plays in new venture development
- How to assess market attractiveness and potential
- Think about the competitive landscape and where you will position yourself

**Assignment**

- Selected teams will present their canvas model
- Submit a draft of the canvass model. Showing the nine sections on canvas

**Readings:** “Entrepreneurship” Chapter 4

**Can you patent your Business?**

**Guest Speaker:**
Scott Smedresman, Partner, McCarter & English

- IP Technology Transfer, Licensing and Patent Protection

His practice encompasses all aspects of patent law, including prosecution, portfolio management, strategic counseling, licensing and post-licensing compliance, litigation, and legislative and regulatory patent matters.

**Class Discussion:**

- Are you protected?
- Patent protection and cracking a patent
- Strategic alliances and licensing agreements
- The role of intellectual properties for the entrepreneur.
- Applying for patents.
- Copyrights, trade secrets, and trademarks.
YOU WILL HAVE THE OPPORTUNITY TO LEARN
► The 9 sections of canvas model What role the model plays in new venture development
► How to assess potential investors
► Think about your financial requirements and how you plan to attract investors

Assignment Feb.20
Submit the Datamark case Please answer the questions listed on canvas for the case.

1. Is there a viable market opportunity demand for gift card and loyalty services today?
2. The President of Datamark has agreed to sell the company. Base on your revaluation of the business, (review P & L and Balance sheet,) Do you agree with this recommendation?
3. Determine the asking price or valuation to sell the venture. Explain
4. How would you communicate the offer to the management team? Before or after the deal?

Selected teams will present their canvas model 9 sections for class discussion

Guest Speaker
David Olk EMBA 2010, after founding and running a large SaaS business day to day (Shop Keep); David sits on some great boards (Kickstarter, Vengo, Columbia University's Lang); and spend time at Columbia Business School as Entrepreneur in Residence. He also worked in M&A (NASDAQ: IACI) and helped private equity firms buy companies (PWC). He is now helping students build more authentic professional relationships.
| February 20 | Session 7 | Topics: Attracting VC interest: Venture Financing V Sourcing Funds for your Venture

YOU WILL HAVE THE OPPORTUNITY TO LEARN

► The fundamentals of equity finance
► The difference between various types of equity financing
► The venture capital process
► How valuation works

Class discussion

- Rounds of equity financing
- Discounted convertible debt
- Accredited investors
- Angel investors
- What VCs expect from ventures
- What VCs asks
- Valuation techniques

Readings:

Chapter 8, investor package

Assignments
Submit your marketing power point plan

| March 6 | 8 | Topics: Structuring the Venture Deal: Negotiations and Risk

YOU WILL HAVE THE OPPORTUNITY TO LEARN

- Understanding Term sheets, Legal issues and shareholder rights
- How do you evaluate the venture business model?
- What due diligence do you conduct?
- What financial analysis do you perform?

Readings: chapter 9 |
<table>
<thead>
<tr>
<th>March 12</th>
<th>9</th>
<th>Topic</th>
<th>Pitch to potential Investors</th>
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<tr>
<td></td>
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<td>Class Speaker</td>
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<td></td>
<td>Andrew Pusar, Partner , Goodwin Procter-Deals and term sheets</td>
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<td>Assignments</td>
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<td>Submit the funding and P &amp; L requirements for the venture</td>
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| March 13, 27 | 10, 11 | Topic | Joint Ventures – Someone wants’ out! |
|              |       |       | Roll-ups – economies of scale     |
|              |       |       | VC Financing – Non-tangible assets |

**Assignments.** March 27  
Demonstrate a minimum Viable Product, - Participants develop a minimum viable product that embodies the essential features of the product or service and the potential solution being solves.

**Review for the final Pitch Presentation**

**How to target the business to investors, lenders, or purchasers.**  
► To prepare oral and visual presentations to external stakeholders.  
► The investor evaluation process.  
► Prepare the opportunity presentation

| April 10 | 12, | Topic | Networking, meet and network with class sponsors Final Class Presentations |
|          |    |       | Panel of invited guests to review business plan oral presentations. Each team will be allowed a 15-minute Pitch for the project.  
► Each team will submit their final power point presentation followed by a memo containing the following: due May 4  
► Describe the legal entity for the venture, state incorporated, and reasons why.  
► Describe the stock offering, authorized versus issued, stock options and founders equity allocation |
• Describe the required financing needed for the first year of operation, with whom will you solicit, how, what type of security? And what terms do you anticipate?
• Who will be your first-year hires, contractors, employees, compensation

ENTREPRENEUR REVIEWS

Please submit a one to two-page review of the entrepreneur guest speaker’s talk. Incorporate the readings into your review where appropriate. Reviews will be due the week after the talk. Reviews will be graded on a basis of 1-10.

Questions to guide the process:

1. How would you rate the business opportunities in the speaker’s company?
2. How would you describe the management entrepreneurship style?
3. How has the presentation enhanced your professional and/or personal growth?
Please note: Reviews will be accepted only in the class following the talk.

Note – Here is the assignment as it appears in the syllabus.

2. **Entrepreneur Reviews**

Submit a one to two page review of the guest speaker’s talk. (Please see syllabus last page for specific guidelines.) Reviews will be due the week after the talk. Reviews will be graded on a basis of 1-10.