

## FOUNDATIONS OF ENTREPRENEURSHIP

(formerly known as *Introduction to Venturing*)

**Management B8518**  
**Spring 2020**

**Section 001**

**Wednesdays 9:00 – 12:15 PM**

**Location: Uris 332**

TA: Nandini Goel  
(nandini.goel01@gmail.com)

**Section 002**

**Wednesdays 2:15 – 5:30 PM**

**Location: Uris 140**

TA: Sophie Cho  
(scho21@gsb.columbia.edu)

**Instructor: Michael Mauskapf**

Assistant Professor of Management  
Columbia Business School  
Office: 702 Uris Hall  
Office Hours: By Appointment  
Cell: 215-908-7296  
Email: [mm5123@gsb.columbia.edu](mailto:mm5123@gsb.columbia.edu)

### ABOUT THE INSTRUCTOR

Michael Mauskapf is an Assistant Professor of Management at Columbia Business School, where he has taught 'Foundations of Entrepreneurship' in the full-time MBA program since 2017. Prof. Mauskapf studies the dynamics of creativity, innovation, and success in cultural markets, particularly the music industry. His research has been published in the *American Sociological Review*, *Academy of Management Review*, and the *Academy of Management Best Paper Proceedings*, and it has been featured in a number of popular press outlets, including *ABC News*, *BBC News*, *The Economist*, *New York Post*, *NPR*, and *Quartz*. Michael is a graduate of the University of Pennsylvania (B.A. in Music), the University of Michigan (M.A., Ph.D. in Musicology), and Northwestern University (Ph.D. in Management & Organizations). In addition to his research and teaching, he remains active as a performer, board member, and consultant in the entertainment and media sector.

## COURSE DESCRIPTION

**Foundations of Entrepreneurship** serves as the gateway course to the entrepreneurship curriculum at CBS. The class is designed to provide a broad survey of concepts and skills that will benefit aspiring entrepreneurs, as well as students who want to work for a startup, operate entrepreneurially within a more mature organization, invest in new ventures, or some combination thereof.

Each class session is devoted to a particular topic, which we cover through a combination of lecture, case-based, discussion, and in-class activities. Specific topics covered include: characteristics of successful startups and entrepreneurs; techniques for generating, identifying, and evaluating new ideas; forming and maintaining effective partnerships; customer discovery and acquisition; entrepreneurial finance, valuation and deal-making; entrepreneurship in international contexts; startup culture; exits; career tradeoffs; and learning how to pitch yourself and your business. Most class sessions also include a guest speaker, ranging from recent CBS alum entrepreneurs to high-profile VC's and angel investors. Over the course of the semester, students will work in teams to develop an idea for a new business, culminating in an end-of-term pitch and final paper.

Please note that, while all are welcome, this course is designed for students who have limited-to-no experience in the startup ecosystem. This course also serves as a pre-requisite for Launch Your Startup.

In this course we seek to answer the following questions:

- How do I distinguish interesting ideas from real opportunities?
- How do I go from a real opportunity to a winning business model?
- How do I turn a winning business model into an actual business?
- What do I need to consider when seeking funding?
- What can I do to maximize success in my venture?
- What is the perspective of employees and investors?

Your ability to answer many of these questions will emerge from a focus on fundamental and skills. These include:

- Using a framework to identify and refine entrepreneurial ideas and understand how those ideas relate to core elements of a business.
- Looking at different business models and working through breakeven analysis, cash flow, and other key financial metrics.
- Better identifying early customers to gain and embrace their feedback.
- Constructing founder agreements to minimize tensions that often tear founders apart.
- Learning how to pitch ideas to investors, partners, and potential employees.
- Understanding the different sources of financing and when each is most appropriate.
- Determining the value of new businesses at various stages of development.
- Knowing when and how to exit.

## **HOW THIS COURSE DIFFERS FROM OTHER ENTREPRENEURSHIP COURSES AT CBS**

This is the gateway to a sequence of three “spine” classes designed for students interested in entrepreneurship: **(1) Foundations of Entrepreneurship; (2) Launch Your Startup; and (3) Entrepreneurial Greenhouse.**

**Foundations of Entrepreneurship** provides a broad survey of concepts and concrete skills designed to benefit aspiring entrepreneurs, as well as those who want to work for an early-stage startup, operate entrepreneurially within a more mature organization, and/or invest in new ventures. While all are welcome, this course is designed for students who have limited-to-no experience in the startup ecosystem. If you want some exposure to the world of entrepreneurship and you’re not sure where to start, this course is for you.

**Launch Your Startup** is an accelerated, applied class for students who are already actively engaged with their target market, ready to advance their customer discovery and market research, design and test minimum viable products, develop customer acquisition strategy, and prepare investor-ready financials for fundraising.

*Please note that Foundations of Entrepreneurship serves as a prerequisite Launch Your Startup. If you believe that you should be enrolled in LYS without having to take Foundations, please complete the following survey:*

<http://bit.ly/entrepreneurwaiver>.

Finally, students who already have a Minimum Viable Product (MVP) and a committed and vetted team can apply to enroll in **Entrepreneurial Greenhouse**, which is designed as an accelerator and serves as a capstone to the Entrepreneurship Track.

There are also a number of other great entrepreneurship courses offered at CBS, including: **Foundations of Innovation, Foundations of VC, Lean Launch Pad, Think Bigger, and Entrepreneurial Strategy.**

To learn more about these and other courses at CBS, visit our entrepreneurship course site and selection tool:

<https://www8.gsb.columbia.edu/entrepreneurship/student-resources/courses>

---

## **COURSE MATERIALS AND REQUIREMENTS**

All case materials and readings for this class will be posted to Canvas. Lecture slides and videos will be posted after each class session. There is no textbook.

There are three requirements for Foundations of Entrepreneurship: [1] class attendance and participation; [2] regular case quizzes and assignments; and [3] a group project, including a pitch and final paper.

## **1. Class Attendance and Participation:**

I promise to provide as complete and compelling a class experience as possible; however, this experience is maximized when everyone comes ready to participate and engage. Participation will be a very important part of the learning process in this course, so it will also constitute a significant portion of your final grade. Please plan to prepare for and attend each session, and come ready to engage. The more you put in, the more you will get out!

Your participation will be evaluated on your constructive contributions to discussion and learning in the class. Participation requires listening attentively and building on what peers have already shared. A positive contribution to class or team discussion exhibits one or more of the following properties:

1. Moves the discussion and analysis forward to inspire new insights among peers.
2. Shares a personal experience in a way that illuminates ideas being discussed.
3. Uses logic, insights, and evidence; more than merely an opinion or feeling.

In addition to regular class participation, **you must sign up to do one of the following during the semester: (a) co-lead a case discussion; (b) present your venture team's Business Model Canvas; OR (c) present some research and insights on how entrepreneurship operates in a national context outside the U.S. (only one person per country, please)**. None of these are meant to be onerous or time consuming – think of them instead as simple commitment mechanisms to ensure that a handful of students have thoroughly prepared for class discussion that week. Students will have an opportunity sign up for their preferred slot after the first week of class.  
**Note: this does not exempt other students from participating in discussion!!**

Your participation will be evaluated on both quality and quantity. If you are not in the classroom, you obviously cannot participate. Attendance will be tracked by the course TA at the beginning of every class. One excused absence is permitted, but **you must notify the Professor AND the TA in advance**. Five points will be deducted from your final grade for each unexcused absence. Otherwise, we will adhere to the [Core Class Attendance Policy](#).

Finally, as with core courses, please make it a priority to come to class on time and be **present, prepared, and ready to participate**. Plan to sit in the same seat for each session, and bring your name cards to every class.

## **2. Case Quizzes and Other Assignments:**

For each class session that includes a case, you are required to complete an online multiple-choice quiz on Canvas that is composed of a set of questions related to the case. **Submissions are due by 8 am on the day of class**. The aggregated quiz answers are typically presented during the class discussion. You may discuss the case with your classmates, but your quiz answers must be based on your own careful analysis. Some quiz questions are subjective, while others have correct answers. If you

complete the quizzes you will get full marks regardless of whether you were correct, provided that you indicate your answers were based upon your own analysis. There will also be several other small assignments to help you build towards your final projects (details outlined below and on Canvas).

### **3. Final Paper and Presentation**

Early in the semester students will form self-selected groups of 3-to-5 students to explore and develop an idea for a new business. At the end of the semester each group will make a 10-minute final presentation of their project to their fellow classmates and a panel of esteemed entrepreneurs and investors. For the presentation, teams will prepare a 10-to-12-slide investor power point pitch. A final paper is also required. The paper should be a maximum of eight single-spaced pages (12-point font), plus five appendices (see details below). Both the paper and the power point are to be handed in on the last day of class.

Your paper will be graded along four dimensions: [1] the quality of the final idea and the entrepreneurial insight; [2] the learning and progress that has occurred throughout the semester; [3] the diligence with which you have executed the study; and [4] the quality of the pitch or presentation. I am looking for interesting (but not necessarily “ready-to-launch”) ideas that have been well developed and iterated based on customer discovery, and that are also well researched and presented. **At the end of the semester, each student will also be asked to fill out an evaluation of their fellow group members, indicating the percentage that each member contributed to the final project. This will contribute heavily toward your final grade.**

The paper should address the following aspects of your proposed venture:

- Brief Description of the Opportunity
- Analysis of Market and Customer Segments
- Description of Product or Service and Value Proposition
- Identification of Competition and Competitive Insulation
- Key risks
- Timing and Financing

Each team is expected to meet with the professor at least once during the semester to discuss their projects; I will also be available for up to two additional meetings.

#### **Appendix 1:**

The Business Model Canvas, which summarizes the key components of your business model (customers, value proposition, revenue streams, etc.)

#### **Appendix 2:**

Summarize, in 2-3 pages, what you learned about your venture idea from Customer Discovery, including market and value proposition analysis, along with brief summaries of interviews with at least fifteen named (not anonymous) strangers. Provide one short summary paragraph per interview. A stranger is someone you do not know, but have reason to believe has knowledge that will assist you in evaluating your idea. Important

interviews with people previously known to you can also be included and can be valuable, but do not count towards the required fifteen interviews. 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.

### **Appendix 3:**

Provide a “basic” one-page 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 your break-even point. Calculate this value in terms of U.S. dollars and unit sales. After completing the analysis, assess and comment on the likelihood of your venture being profitable.

### **Appendix 4:**

Provide a cash flow analysis. Start by listing (1) all potential sources of income, loans and investments, (2) all expenditures, including items that will be capitalized and amortized, and (3) the assumptions used to calculate your financials. Do this monthly, until your cash flow turns positive and then yearly starting in the following year. Leave yourself cash balance, as a cushion, at the end of each period equal to at least one or two months’ expenses. Remember to plug in the source and timing of equity investments and/or borrowings. Your cash flow should allow you to answer two questions:

- 1) In what month are you cash flow positive?
- 2) In what month do you recoup your total investment?

### **Appendix 5:**

Create a “to-do list” for launching your proposed venture. This should include: a summary of your organizational, development, production, and sales goals, and the step-by-step tasks that need to be accomplished to achieve these goals. Describe the theoretical backgrounds and competencies of the full- and part-time team members and/or advisors you would need to recruit to ensure the successful completion of these tasks. Examples of necessary tasks, from the mundane to the sophisticated, not necessarily in order, might include: (1) meeting with actual customers and securing orders; (2) lining up possible distributors; (3) lining up manufacturers and/or sources of supply; (4) identifying and securing key personnel; (5) finding and renting office space & equipment; (6) securing financing; (7) establishing key partnerships; and (8) coming up with a founder agreement.

**Please submit all assignments online through Canvas.**

## **GRADING**

The following weights will be used to calculate final grades for the class:

Class Attendance and Participation .....	40%
Case Quizzes and Other Assignments.....	20%
Final Presentation and Paper.....	40%

### **\*\*A Final Note Regarding the Use of Electronic Devices in Class\*\***

**There is a “no devices” policy in this class.** Please turn off all laptops, cell phones, and any other electronic devices during class time unless you are asked to use them. Violations will lead to deductions from your class participation grade.

## **MODULE I: FRAMEWORKS**

### **Class 1: Wednesday, January 29<sup>th</sup>**

Topics: Welcome & Course Overview  
Criteria for Venture Selection

Case: PieSky Ventures

---

Deliverables: [1] Complete the pre-class survey on Canvas to help me understand your reasons for taking this class.  
[2] Upload your resume to Canvas  
[3] Read PieSky Ventures.  
[4] If you have a venture idea that you would like to explore in class, be prepared to deliver a one-minute pitch of your idea.

### **Class 2: Wednesday, February 12<sup>th</sup>**

Topics: Break-Even Analysis  
Ideas vs. Opportunities  
Business Model Canvas

Case: R & R

---

Deliverables: [1] Read the R&R case and complete online quiz.  
[2] Fill in the Business Model Canvas Template using the R&R case.  
[3] One-minute pitches.

Readings: [1] Predicting Startup Success  
[2] Marketing Analysis Toolkit: Breakeven Analysis  
[3] Breakeven Analysis & Operating Leverage  
[4] The Business Model Canvas: A Useful Tool (pp. 1-7)

## **MODULE II: CUSTOMERS**

### **Class 3: Wednesday, February 19<sup>th</sup>**

Topics: Customer Discovery  
Customer Metrics: Customer Acquisition Cost and Lifetime Value

Case: Dropbox

---

Deliverables: [1] Read Dropbox and complete online quiz.  
[2] Submit on Canvas: P&L for Dropbox.  
[3] Finish one-minute pitches and form venture teams

Readings: [1] The Most Important Equation for Your Startup  
[2] Startup Killer: The Cost of Customer Acquisition (optional)

### **MODULE III: FOUNDING**

#### **Class 4: Wednesday, February 26<sup>th</sup>**

Topic: Founding Teams & Partnerships

Case: Building Watch

---

Guest

Speaker: Ross Goldenberg (SiteCompli)

---

Deliverables: [1] Read Building Watch and complete online quiz.

[2] Submit on Canvas: One-page description of your venture idea, along with a list of team members.

---

Readings: [1] When Contracts Destroy Trust.

[2] Stitch Fix Co-Founder to Reap Millions in IPO; her Partner is a Footnote

### **MODULE IV: FINANCING**

#### **Class 5: Wednesday, March 4<sup>th</sup>**

Topics: Startup Financing: Crowdfunding, Angel, and VC Investors

---

Guest

Speaker: Entrepreneur and Investor Panel

---

Deliverables: [1] Upload Business Model Canvas for ventures to Canvas.

[2] Schedule ½ hour group meetings with Professor.

---

Readings: None

---

**Wednesday, March 11<sup>th</sup> – NO CLASS (EXAM WEEK FOR A-TERM)**

---

**Wednesday, March 18<sup>th</sup> – NO CLASS (SPRING BREAK)**

## **MODULE IV: FINANCING (CON'T)**

### **Class 7: Wednesday, March 25th**

Topics: Valuations, Term Sheets, and Founder vs Investor Control

Case: Logolaunch

---

Guest

Speakers: Carol A. Curley (Golden Seeds) and Angela Lee (CBS)

Deliverables: [1] Read Logolaunch, then complete online quiz.  
[2] Register for simulation (in class).

Readings: [1] The NVCA Termsheet (at nvca.org)  
[2] Read glossary of venture investment terms at  
<https://fundersclub.com/learn/glossary/>  
[3] Comments to the NVCA Term Sheet (optional).  
[4] Other optional readings posted on Canvas (under "Files")

## **MIDTERM CAPSTONE**

### **Tuesday, March 26<sup>th</sup> to Thursday, March 31<sup>st</sup>**

Topic: Entrepreneurial Ecosystems: Founders, Key Hires, and Investors

Simulation: The Startup Game

Deliverables: [1] Register for Simulation, read background material, and negotiate deals!

Readings: [1] Roles for Founders, Employee, or Investor (available via the simulation)

## **MODULE V: SELECT TOPICS IN ENTREPRENEURSHIP**

### **Class 8: Wednesday, April 1<sup>st</sup>**

Topic: International Entrepreneurship

---

Guest

Speaker: Drew Silverstein (Amper Music)

Deliverables: [1] Conduct some research on how entrepreneurship operates in a national context outside the U.S. (if you signed up for this session).  
[2] Submit to Canvas summary of at least 15 Customer Discovery Interviews.

Readings: None

### **Class 9: Wednesday, April 8<sup>th</sup>**

Topics: Social Entrepreneurship

---

Guest

Speakers: Anika Warren (Draper Richards Kaplan)

---

Deliverables: [1] Submit one-page cash flow statement (with assumptions) for your venture's financial business model.

Readings: [1] Social Ventures

[2] When the Social Mission Comes Before Making a Buck

[3] The Business Model Canvas: A Useful Tool (pp. 8-12)

### **Class 10: Wednesday, April 15<sup>th</sup>**

Topics: Startup Culture  
Learning How to Pitch Yourself & Your Business

Case: Bridgewater (in-class video case)

---

Guest

Speaker: TBD

---

Deliverables: [1] Continue to Work on Final Projects.

---

Reading: [1] Why Every Business Needs Powerful Storytelling to Grow  
[2] Watch: <https://www.youtube.com/watch?v=Y2ZnZVWdGQQ>

## **MODULE VI: THE STARTUP LIFECYCLE**

### **Class 11: Wednesday, April 22<sup>nd</sup>**

Topics: Exits  
Career Tradeoffs

Case: Taking the Road Less Traveled: Gregg Latterman and Aware Records

---

Guest  
Speaker: Stephanie Mendonce & Chris Crawford (Spotify)

---

Deliverable: [1] Read Aware Records and complete online quiz.  
[2] Take Entrepreneur "Personality" Quiz

---

Reading: [1] How to Choose an Exit Strategy (optional)  
<http://www.inc.com/guides/2010/10/how-to-choose-an-exit-strategy.html>

- [2] Exiting with Grace – and Profit (optional)  
(<http://informationdisplay.org/IDArchive/2014/JanuaryFebruary/VentureCapitalExitingwithGrace.aspx>)
- [3] A Founder's Hierarchy of Needs
- [4] The Psychological Price of Entrepreneurship

### ***FINAL PITCHES***

**Class 12: Wednesday, April 29<sup>th</sup>.**

Topic: Wrap-up and Final Presentations of Student Projects

Speakers: Students!!

Deliverables: Upload final papers and powerpoint presentations to Canvas.

***CONGRATULATIONS, YOU'RE FINISHED!!***

**Foundations of Entrepreneurship - Spring 2020 (UPDATED - 03/24/20)**  
 Professor Michael Mauskapf

	MODULE I		MODULE II	MODULE III	MODULE IV		MIDTERM	MODULE V			MODULE VI	FINAL
Date	Class 1 January 29th	Class 2 February 12th	Class 3 February 19th	Class 4 February 26th	Class 5 March 4th	Class 7 March 25th	NA March 26th to 31st	Class 8 April 1st	Class 9 April 8th	Class 10 April 15th	Class 11 April 22nd	Class 12 April 29th
Topic(s)	Welcome & Course Overview	Elements of Successful Startups	Customer Discovery & Metrics	Founding Teams & Partnerships	Startup Financing	Valuation & Term Sheets	THE STARTUP GAME	International Entrepreneurship	Social Entrepreneurship	Startup Culture & Pitching	Exits & Career Tradeoffs	FINAL PRESENTATIONS
<b>Key Questions</b>	What is this course about? How should we evaluate new ventures?	What is the difference between an idea and a business opportunity? What are the core elements of a successful startup?	How do I assess demand, the cost of acquiring customers, and the value of each customer over time? What constitutes a good assumption?	What are the characteristics of high performing founding teams and partnerships?	What are the different financing options for startups? Which is most appropriate for your venture?	How do we perform a valuation? What are the basic elements of a term sheet?	How can I simultaneously consider the perspectives of founders, employees, & investors?	How does entrepreneurship operate differently across countries?	What is a social venture? What kind of return do social ventures give to investors?	What makes for a good startup culture? What makes for a good pitch?	How do I think about exiting? What are the potential tradeoffs entrepreneurs face, both personally and professionally?	How does this all fit together?
<b>Deliverable (see syllabus for details)</b>	[1] Take pre-class survey. [2] Submit resume. [3] Read PieSky. [4] Start one-minute pitches.	[1] Read case & complete online quiz. [2] Fill in the Business Model Canvas template using R&R case. [3] Continue one-minute pitches.	[1] Read case & complete online quiz. [2] Submit P&L for Dropbox, focusing on assumptions. [3] Finish one-minute pitches and form venture teams.	[1] Read case & complete online quiz. [2] Finalize project teams. [3] Submit 1-page description of your idea and list of team members.	[1] Submit BMC to Canvas. [2] Schedule team meeting with Professor.	[1] Read case & complete online quiz.	[1] Register for Simulation, read background material, and negotiate deals.	[1] Research and prepare county presentations (if you signed up to do so). [2] Submit summaries of Customer Discovery Interviews	[1] Submit one-page cash flow (with assumptions) for your venture.	[1] Continue to work on final projects.	[1] Read case & complete online quiz. [2] Take Entrepreneur "Personality" Quiz.	[1] Upload final project papers and powerpoint presentations to Canvas. [2] Final pitches!!
<b>Case/Simulation</b>	PieSky Ventures	R&R	Dropbox	Building Watch	None	Logolaunch	Startup Game Simulation	None	None	Bridgewater (in-class video case)	Gregg Latterman and Aware Records	None
<b>Primary Tools/Skills</b>	Criteria for Venture Selection	Breakeven Analysis; Business Model Canvas	LTV, CAC, P&L	Forming and Maintaining Constructive Partnerships	Understanding different forms of entrepreneurial finance	Term Sheets; Negotiating with Investors	Navigating the entrepreneurial ecosystem	Unique opportunities and challenges outside of the US context	Balancing social and financial concerns	Pitching	Evaluating exit options; Evaluating the pros and cons of being an entrepreneur	Pitching
<b>Speaker</b>	None	None	None	Ross Goldenberg (SiteCompli)	Entrepreneur & Investor Panel	Carol Curley (Golden Seeds)	None	Drew Silverstein (Amper Music)	Anika Warren (Dramer Richards Kaplan)	TBD	Stephanie Mendonca and Chris Crawford (Sootif)	Students (and guests)!!
<b>Additional Reading</b>	None	Predicting Start-up Success AND Marketing Analysis Toolkit: Breakeven Analysis AND Breakeven Analysis & Operating Leverage AND The Business Model Canvas: A Useful Tool (pp.1-7)	The Most Important Equation for Your Startup AND Startup Killer: the Cost of Customer Acquisition	When Contracts Destroy Trust AND Stitch Fix Co-Founder to Reap Millions in IPO: her Partner is a Footnote	None	The NVCA Termsheet (at nvca.org); AND Venture Capital Glossary AND Investment Terms - Comments to the NVCA Term Sheet	Roles for simulation (to be handed out in class)	None	Social Ventures AND When The Social Mission Comes Before Making a Buck AND The Business Model Canvas: A Useful Tool (pp. 8-12)	Why Every Business Needs Powerful Storytelling to Grow	How to Choose an Exit strategy AND Exiting with Grace - and Profit AND A Founder's Hierarchy of Needs AND The Psychological Price of Entrepreneurship	None