

FOR BIDDING PURPOSES ONLY
(Note: Will be updated for Fall 2021)



Management B8518
FOUNDATIONS OF ENTREPRENEURSHIP
Fall 2021

Tuesday, 2:00–5:15pm

Location: TBA

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Professor Geraldine Wu
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Office Hours: By appointment

TA: TBA

COURSE DESCRIPTION

Interest in entrepreneurship has skyrocketed. Much of the growth in established and developing economies is driven by scalable startups. The availability of cheaper building blocks has led to an explosion of new ventures, representing exciting opportunities for potential founders, early employees, and investors. Social entrepreneurs are also employing entrepreneurial thinking to address major societal challenges. Beyond startups, established companies are aggressively investing in fostering innovativeness and seeking out new opportunities to sustain growth and competitive advantage. In short, entrepreneurial thinking is a critical skill sought across industries and sectors.

What does it take to launch a successful entrepreneurial venture? How does it happen? How can we transform an idea and a blank piece of paper into an operating business with customers, cash flow, and profits? And importantly, what are the pleasures and challenges of an entrepreneurial career?

The mission of *Foundations of Entrepreneurship* is to expose you to the skills, joys, and challenges of being an entrepreneur, and for those inclined, to prepare you to start and nurture your own businesses, whether you do so immediately or later in your careers. We will work together to develop your skills in opportunity evaluation, as well as your understanding of the steps and competencies required to launch and grow a new venture. Specific topics covered include characteristics of successful startups, techniques for identifying and evaluating new ideas, customer discovery and acquisition, entrepreneurial finance, valuation and deal-making, exits, and learning how to pitch. The course is based mostly on case discussion, enhanced by a

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combination of mini-lectures, guest speakers, group exercises, and student work on team entrepreneurial projects. The course is appropriate for those with an interest in the unique challenges and opportunities associated with new ventures—this includes potential entrepreneurs, those interested in the financing of new ventures, future employees of early-stage startups, or those interested in the management of new or small organizations more generally.

Foundations of Entrepreneurship provides insights into the following questions:

- How do you distinguish interesting ideas from real opportunities?
- How do you go from a real opportunity to a winning business model?
- How do you turn a winning business model into a successful venture?
- What do you need to consider when seeking funding?
- How do you think about the human side of managing an entrepreneurial venture? What is the perspective of co-founders, employees, and investors?
- What can you do to manage risk and maximize success in your venture?
- Is an entrepreneurial career right for you?

Your ability to answer many of these questions will emerge from developing some foundational skills, such as:

- 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
- Using the customer development process to solicit the earliest possible feedback on your value proposition and the compelling (or not) nature of your business idea
- 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 one is 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

Columbia Business School's entrepreneurship curriculum is organized around a sequence of three "spine" courses: (1) Foundations of Entrepreneurship; (2) Launch Your Startup; and (3) Entrepreneurial Greenhouse.

Foundations of Entrepreneurship serves as the gateway course to the entrepreneurship curriculum at CBS, and is a prerequisite for those interested in enrolling in Launch Your Startup. It provides a broad survey of concepts and concrete skills that benefit not just aspiring entrepreneurs, but also those who want to work for an early-stage startup, operate entrepreneurially within a more mature organization, invest in new ventures, or a combination of these options. The course is designed for students who (a) have limited or no experience in

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the startup world, or (b) have some experience but do not yet have a fully developed and vetted business idea or team.

Launch Your Startup is an accelerated, applied course 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 (MVPs), develop customer acquisition strategy, and prepare investor-ready financials for fundraising.

EXEMPTION PROTOCOL: *If you believe that you should be enrolled in Launch your Startup without having to take Foundations of Entrepreneurship, please complete the following exemption survey: <http://bit.ly/entrepreneurwaiver>. Your request should be brief but specific, including relevant background information (e.g., entrepreneurship coursework and work experience) and any progress you've made on your idea to date (e.g., customer discovery). Please allow at least one week for a response, as your request may require deliberations among faculty. NOTE: Following school policy, students MAY NOT enroll in Foundations of Entrepreneurship and Launch Your Startup concurrently.*

Students who already have an 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 many other great entrepreneurship courses offered at CBS. For example, if your interest is in a deep understanding of the customer development process, you should consider **Lean LaunchPad**, which focuses on business model hypothesis testing. If you are primarily interested in deal structure, consider **Entrepreneurial Finance**. **Foundations of Innovation** focuses on the innovation process, and **Foundations of VC** explores venture capital and angel investing. For more information on courses, please see the entrepreneurship course site (<https://www8.gsb.columbia.edu/entrepreneurship/student-resources/courses>) and course selection tool (<http://bit.ly/lang-coursetool>).

COURSE REQUIREMENTS

All cases and readings for this course will be posted on Canvas or distributed in class. Lecture slides will be posted after each class session. There is no textbook.

There are three requirements for the Foundations of Entrepreneurship course: 1) online polls for (almost) every class, 2) class participation, and 3) a team venture project presentation and paper.

1) Online Polls:

For each session, you are required to complete an online poll (link posted on Canvas) that is composed of a set of questions related to the case(s) for that session. Submissions are due by **11pm on the evening before each class meets** (i.e., on Monday evenings). Your poll answers are typically presented during the class discussion. You are welcome to discuss the case with your classmates, but your poll answers must be based upon your own careful analysis. Some

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poll questions are subjective, while others have correct answers. If you complete the polls you will get full marks (regardless of your answers) provided that your answers are based upon your own analysis (per the honor code).

Answering the poll questions should not take much time beyond your normal preparation for class. As a guideline, you should aim to spend no more than 15 minutes answering the poll questions (not including the time needed to read and prepare the cases)—some polls may take you as little as 5 minutes to answer, while others may take you up to 20 minutes, depending on how comfortable you are with the particular subject matter. For the short answer questions in the polls, I am looking for only 1–3 succinct sentences or bullet points. These polls serve as a starting point for our class discussions.

2) Class Participation:

The class experience works best when everyone comes ready to actively participate and engage. You will be evaluated on the quantity as well as the quality of your contribution and insights, with greater weight on quality. Many of the benefits of this course will be obtained through in-class discussions and exercises. Especially in an area like entrepreneurship, learning occurs through interaction. Please plan to prepare for and attend each class session and come ready to engage. The more you put in, the more you will get out!

Quality class participation is an essential part of the learning process, and a chief criterion for this component of the grade is your constructive contribution to the learning of others. Accordingly, positive contributions to class discussion include, but are not limited to: a) Moving the discussion and analysis forward to inspire new insights among peers, b) Building on the comments of others, c) Providing insights that show evidence of analysis and go beyond mere opinion/feeling or repetition of case facts, d) Offering a different, unique, and relevant perspective on the issue, e) Connecting related personal experiences in ways that illuminate the topics being discussed, and f) Asking good and thought-provoking questions. Good participation also involves listening carefully to and actively supporting and engaging your peers.

Participation is a very important part of the learning process in this course, so it accordingly also constitutes a significant portion of your final grade. If you are not in the classroom, you obviously cannot participate. Attendance will be taken at each class by passing around an attendance sheet that must be signed. We understand that because of factors outside of your control, you occasionally may arrive late, leave early, or miss a class entirely. Two excused absences are permitted, but **only if you notify the professor and the TA at least 24 hours in advance**. 2 points will be deducted for each unexcused absence. Please make it a priority to be on time, and bring your name cards to every class. Finally, you should never hesitate to comment because you are concerned that you are wrong or unsure of your opinion. Please expect cold calls—cold calling is designed to move the discussion along and give all students in the class a chance to participate, not to intimidate or create a hostile environment. If you are unprepared for any session and you let me know before class, I will not cold call you during that session.

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

3) Venture Project—Final Presentation and Paper

Students will form self-selected teams (of 5 students) to explore an idea for a new business. At the end of the semester, each team will make a 7- to 10-minute final presentation of their project, followed by Q & A. For the presentation, teams will prepare a 10- to 12-slide investor PowerPoint pitch. A final paper is also required. The paper is a maximum of eight single-spaced pages (12-point font), plus five appendices (see details below). The PowerPoint pitch deck is due on the last day of class and the paper is due on Friday, December 13.

Each team is **required** to meet with me at least once (by conference call for 30 minutes) to discuss their projects. I will also be available for two additional optional project-update meetings.

Your project 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 good (but not necessarily “ready-to-bring-to-market”) ideas that have been well developed and iterated based on customer feedback, and that are also well researched and presented. Keep in mind that the quality of your team’s final idea is not the majority determinant of your final project’s grade, and it is possible to receive a high grade even if the idea is not of the highest quality.

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

In addition, there are five important appendices that support your venture proposal:

Appendix 1: Business Model Canvas

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

Appendix 2: Customer Discovery

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

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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: Breakeven Analysis

Provide a “simple” one-page breakeven analysis. Identify your economic unit of analysis (typically a single sale). Identify and list your venture’s important 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 break even 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: Cash Flow Analysis

Provide a cash flow analysis. Start by listing (1) all potential sources of income, loans and investments, (2) all major 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 a cash balance, as a cushion, at the end of each period equal to at least three months’ expenses. Remember to plug in the source and timing of equity investments and/or borrowings. Your cash flow analysis should answer two questions:

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

Appendix 5: Action Plan/Roadmap for Launch

Create a to-do list or action plan for launching your proposed venture. This should include a list 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 and equipment; (6) Securing financing; (7) Establishing key partnerships; and (8) Coming up with a founders’ agreement/memorandum of understanding. Be sure to highlight any crucial milestones you are aiming for.

GRADING

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

Online Polls	25%
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Class Participation	35%
Final Presentation and Paper	40%

At the end of the course, each student will be asked to complete a confidential poll indicating the percentage that each team member contributed to the final project.

COURSE SCHEDULE

I have attached a detailed three-page course schedule. This lists the required cases and readings for each session and the due dates for your assignments. Please read the course schedule carefully. I reserve the right to make occasional adjustments to the scheduling. This may include, on occasion, the reduction or elimination of a case discussion.

I look forward to getting to know you in class!!

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Foundations of Entrepreneurship – Course Schedule

Session	Topics	Cases & Readings	DELIVERABLES
1 Sept 3	Course Overview Ideas & Innovation	<u>Case</u> : The Founder’s Dilemma (in class)	
2 Sept 10	Elevator Pitch Day (one-minute pitches) Opportunity Analysis	<u>Case</u> : PieSky Ventures (Canvas) <u>Optional Reading</u> : Glossary of VC Terms	<ul style="list-style-type: none"> • Intro Poll & Resume upload (by 11pm on Mon, 9/9) • Poll #1 (by 11pm on Mon, 9/9) • One-minute pitches (in class)
3 Sept 17	Lean Startup Customer Metrics	<u>Case</u> : Dropbox: ‘It Just Works’ (Canvas) <u>Read</u> : The Most Important Equation for Your Business <u>Optional Readings</u> : Understanding Customer Lifetime Value: A Non-Geek's Guide; Startup Killer: The Cost of Customer Acquisition	<ul style="list-style-type: none"> • Poll #2 (by 11pm on Mon, 9/16) • Finalize teams (by end of class: submit team member list)
4 Sept 24	Business Models Opportunity Analysis Breakeven Analysis	<u>Case</u> : Zipcar: Refining the Business Model (Canvas) <u>Case</u> : Early Pitch Decks (in class) <u>Watch</u> : The Business Model Canvas video (42 min) <u>Optional Reading</u> : Business Model Canvas <u>Read</u> : Marketing Analysis Toolkit: Breakeven Analysis; Breakeven Analysis and Operating Leverage	<ul style="list-style-type: none"> • Poll #3 (by 11pm on Mon, 9/23)
5 Oct 1	Entrepreneurial Organizations	<u>Case</u> : Negotiating Equity Splits at UpDown (Canvas) + UpDown—Confidential Instructions (Email) <u>Read</u> : Founders' Agreements; Co-Founder Equity Split: A New Framework	<ul style="list-style-type: none"> • Poll #4 (by 11pm on Mon, 9/30) • Group: Business Model Canvas + One-page venture project description (by class time; hard copy to class, upload to Canvas)
	Startup Financing	<i>Guest Speaker: TBD</i>	

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Session	Topics	Cases & Readings	DELIVERABLES
6 Oct 8	Startup Financing	<u>Case</u> : LogoLaunch (Canvas) <i>Guest Speaker: Carol A. Curley (Golden Seeds)</i> <u>Read</u> : Raising Startup Capital; NVCA Model Term Sheet	<ul style="list-style-type: none"> • Poll #5 (by 11pm on Mon, 10/7)
Schedule 30-minute Team Conference Call #1 with Prof. Wu on October 9, 11, or 14 to discuss project progress (Required)			
7 Oct 29	Customer Discovery Pivots	<u>Case</u> : Dinr: My First Startup (A) (Canvas) <u>Case</u> : Dinr: My First Startup (B) (in class) <u>Read</u> : What is Crowdfunding?; 12 Tips for Early Customer Development Interviews <i>Optional Readings</i> : The Ultimate List of Customer Development Questions; How Startups Can Build Effective Buyer Personas	<ul style="list-style-type: none"> • Poll #6 (by 11pm on Mon, 10/28) • Group: Summary of 15 customer discovery interviews + Revised BMC (by class time; hard copy to class, upload to Canvas)
8 Nov 12	Family Business Angel Investing	<u>Case</u> : Jackson Cookware (Canvas) <i>Guest Speaker: Rob Delman (Angel investor)</i>	<ul style="list-style-type: none"> • Poll #7 (by 11pm on Mon, 11/11)
OPTIONAL: Schedule 30-minute Team Conference Call #2 with Prof. Wu on November 13 or 15			
9 Nov 19	More New Venture Finance	<u>Case</u> : BuildingWatch (A) (Canvas) <u>Case</u> : BuildingWatch (B & C) (in class) <i>Guest Speakers: Ross Goldenberg and Jason Griffith (Co-CEOs & Co-Founders, SiteCompli)</i>	<ul style="list-style-type: none"> • Poll #8 (by 11pm on Mon, 11/18) • Group: Breakeven/Cash Flow Assumptions + Revised BMC (by class time; hard copy to class, upload to Canvas)
	Social Ventures	<u>Case</u> : Leading the Social Venture Startup: An Operational Crisis at Pigeonly (Canvas) <i>Guest Speaker: Frederick Hutson (CEO & Founder, Pigeonly)</i>	

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Session	Topics	Cases & Readings	DELIVERABLES
10 Nov 26	Scaling Startups Harvest & Exits	<u>Case</u> : Nantucket Nectars: The Exit (Canvas) <u>Optional Readings</u> : Exiting with Grace - and Profit; A Catalog of Pivots; Startup Metrics	<ul style="list-style-type: none"> • Poll #9 (by 11pm on Mon, 11/25)
11 Dec 3	International Entrepreneurship	<u>Read</u> : Global Startup Ecosystem Report 2019— Excerpts (Canvas)	<ul style="list-style-type: none"> • Poll #10 (by 11pm on Mon, 12/2)
OPTIONAL: Schedule 30-minute Team Conference Call #3 with Prof. Wu on December 4			
12 Dec 10	VENTURE PROJECT PRESENTATIONS! (Attendance <u>Required</u>)		<ul style="list-style-type: none"> • Group: Venture Pitch Deck (by class time; upload to Canvas) • Group: Venture Proposal Paper (by 11pm on Friday, December 13; upload to Canvas, email <u>single</u> complete PDF to geraldine.wu@columbia.edu) • Venture Project Team Participation Poll (by 11pm on Sunday, Dec. 15)

NOTES:

(Canvas) = Case posted on Canvas; Read & Prepare **before** class

(Email) = Case will be emailed to you; Read & Prepare **before** class

(in class) = Case will be handed out during class session (no need to read before class)