

TR3002 – New Venture Creation

Course Outline

Aims and Objectives

Creating a new business is a challenging and complex task. The road to entrepreneurial success is long, winding and strewn with pitfalls, obstacles and blind turns. The risks of starting a new business are high, as illustrated by the high failure rates for new ventures. However, as is always the case, the rewards are commensurate with the risk: in addition to the psychic rewards of starting a business, witness the dominance of entrepreneurs in the Forbes 400 list.

The purpose of this course is to:

- Help students understand the process, challenges, risks and rewards of starting up a new business
- Equip them with the tools required to start their own business
- Improve their chances of successfully starting their own business

Learning objectives are:

- Ability to create and assess business ideas
- Develop creative problem-solving skills required in entrepreneurial businesses
- Ability to create a business plan, including:
- Ability to analyze market opportunities
- Develop a business model and strategy
- Form and work successfully in a team
- Make a professional presentation

Modes

Classes will consist of both lectures and interactive workshops, both of which are compulsory. The lectures and workshops will facilitate the construction of the business plan. Relevant topics will be covered as the plans are developed and workshops will be used at plan milestones. Both lectures and workshops will include discussions with active participation. Experiential in-class exercises will also be included.

Students are expected to:

- Make several in-class presentations.
- Participate actively in class,
- Engage in problem solving and group discussions.
- Read and solve problems as part of preparation for class.
- Meet with their project teams outside of class

- Work in a team to prepare a written business plan and investor presentation

Prerequisites

Pre-Requisites: TR2201 Entrepreneurial Marketing and TR2202 Technological Innovation

Co-Requisite: Must be taken in conjunction with or after TR3001 New Product Development

Applications to take NVC without completing the pre-requisites or co-requisite will be considered on a case-by-case basis.

Schedule

Week	Date	Topic
1	11-Aug (Mon)	Course overview: Why entrepreneurship and introduction to business plans Why entrepreneurship and introduction to business plans
2	18-Aug (Mon)	Generating, evaluating and presenting scalable business ideas
3	25-Aug (Mon)	Idea presentations
4	01-Sep (Mon)	Idea selection
5	08-Sep (Mon)	Innovation and value proposition
6	15-Sep (Mon)	Innovation and value proposition teams presentations
MTB	22-Sep (Mon)	Mid-Term Break
7	29-Sep (Mon)	Competitive strategy
8	06-Oct (Mon)	*School Holiday* Competitive strategy teams presentations
9	13-Oct (Mon)	Financial plan
10	20-Oct (Mon)	Winning negotiations
11	27-Oct (Mon)	Fundraising and deal terms
12	03-Nov (Mon)	Building, managing and motivating teams
13	10-Nov (Mon)	Presentation workshop
14	15-Nov (Sat)	Final Business Plan Presentations

Synopsis

Students will learn the process of new venture creation through actually working through the process themselves. Participants will:

- Develop an idea for a new business
- Create a professional-level business plan and investor presentation
- Present the business plan to a panel of investors/judges

Each business plan should include:

- Value proposition and innovation
- Market identification and analysis
- Marketing and sales strategy

- Sustainable competitive advantage
- Company products and services
- Team
- Expansion plan
- Operational plan
- Financials

By the end of the course, each student team should have produced a business plan that could be presented to an angel investor or a venture capitalist.

Syllabus

Session	Topic	Milestone	Class Exercises	Class Presentation	Slide sections
1	Course overview: Why entrepreneurship and introduction to business plans				1,2
	Generating, evaluating and presenting scalable business ideas				3,4
2	Innovation and value proposition	Idea submission			5
3	Idea presentations			Ideas	
4	Idea selection	Idea approved and teams formed	Idea selection and team formation		
5	Competitive strategy I	1 st draft BP (ES) due		Innovation and value proposition	6,7,8
MTB	Mid-Term Break				
6	Competitive strategy II	1 st draft feedback received		Innovation and value proposition	
7	Financial plan I				
8	Building, managing and motivating teams		Team building experiential exercise		
9	Financial plan II	2 nd draft BP due		Competitive strategy	11,12
10	Execution plan	2 nd draft feedback received		Competitive strategy	9.10
11	Winning negotiations		Negotiation experiential exercise	Financials	
12	Presentation workshop	Final BP due	Presentation exercise	Complete run through	
13	Final Business Plan Presentations	Final BP Pres			

Assessment

The course will have no final written exam and will be 100% based on the following continuing assessment components:

Participation (25%)

Participation marks will depend on in-class participation as well as the individual's contribution to the final business plan. All team members will be required to write peer reviews.

Business Plan (50%)

Plans will be evaluated on the quality of the idea, and the thoroughness and professionalism of the plan. A successful plan will be one that could be submitted to a VC and would be seriously considered for funding.

Teams are required to submit 2 drafts before the final business plan. The drafts will not be graded but any late submission will count towards penalty points in the final business plan.

Business plans are restricted to a maximum of 25 pages.

Presentation (25%)

Presentations will be evaluated on their persuasiveness and professionalism. A successful presentation will be one that resulted in the examiners wanting to schedule a follow up meeting to discuss the plan.

Participation marks will be by individual. Presentation and Business Plan marks will be by group. In cases where individuals did not contribute proportionately to the business plan or presentation, their marks may be adjusted accordingly.

Students are required to be prepared to be called on randomly in class to respond to questions, to make presentations, etc.

Important Milestones & Deadlines

ALL DEADLINES BY 2359HR OF DATE.

Eg. 23rd August Saturday night, 11.59pm.

Week	Milestone	Deadline
2	Idea slide submission	23-Aug (Sat)
3	Idea voting	30-Aug (Sat)
4	Idea approval and team formation	01-Sep (Mon)
6	1st draft business plan due	15-Sep (Mon)
10	2nd draft business plan due	20-Oct (Mon)
13	Final business plan due	11-Nov (Tue)
14	Final business plan presentations	15-Nov (Sat)

14	Peer review	15-Nov (Sat)
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Text & Readings

Textbook, Cases and Other Reading Materials

The textbooks for the course are Scott Shane's *Finding Fertile Ground: Identifying Extraordinary Opportunities for New Ventures* (2005) and Kuratko and Hodgetts' *Entrepreneurship: Theory, Process, Practice* (6th Ed).

The following books on a range of topics which will be useful to an entrepreneur, while not required, are highly recommended.

Title	Subtitle	Author_Last	Author_First	Comments
The Elements Of Style	William Strunk, Jr. and E.B. White	Strunk, White	William, E.B.	Classic work on writing style and usage
Innumeracy	Mathematical Illiteracy and its Consequences	Paulos	John Allen	
A Random Walk Down Wall Street		Malkiel	Burton G.	Classic on financial markets valuation techniques
Envisioning Information		Tufte	Edward	Classic on graphic design
Visual Explanations	Images and Quantities, Evidence and Narrative	Tufte	Edward	Classic on graphic design
The Visual Display Of Quantitative Information		Tufte	Edward	Classic on graphic design
The Age Of Spiritual Machines	When Computers Exceed Human Intelligence	Kurzweil	Ray	Interesting discussion of machine intelligence by a successful entrepreneur
The New New Thing	A Silicon Valley Story	Lewis	Michael	Story of Jim Clark, successful entrepreneur who started SGI and Netscape
The Emperor's New Mind	concerning computers, minds and the laws of physics	Penrose	Roger	
Competitive Strategy	Techniques for Analyzing Industries and Companies	Porter	Michael E.	Classic marketing text
Market Driven Strategy		Day	George S.	Good overview of marketing strategy
Eboys	The First Inside Account of Venture Capitalists at Work	Stross	Randall E.	
Prisoner's Dilemma		Poundstone	William	
Mathematics For The Nonmathematician		Kline	Morris	
Finding Fertile Ground	Identifying Extraordinary Opportunities for New Ventures	Shane	Dr. Scott A.	How to create scalable businesses. Approach very similar to ours.
Bookmaking	The illustrated guide to design/production/editing	Lee	Marshall	Classic work on print layout and design
The Structure Of Scientific Revolutions		Kuhn	Thomas S.	
Getting To Yes	Negotiating Agreement Without Giving In	Fisher	Roger	
Crossing The Chasm	Marketing and Selling High-Tech Products to Mainstream Customers	Moore	Geoffrey A.	
Venture Capital	The Definitive Guide for Entrepreneurs, Investors and Practitioners	Cardis	Joel	
Why Smart People Make Big Money Mistakes and How to Correct Them	Lessons from the New Science of Behavioral Economics	Belsky	Gary	
Against the Gods	The Remarkable Story of Risk	Bernstein	Peter L.	
The Tipping Point	How little things can make a big difference	Gladwell	Malcolm	

When Genius Failed	The Rise and Fall of Long-Term Capital Management	Lowenstein	Roger	Inside look at the rise and fall of the most famous hedge fund
Numerical Techniques in Finance		Benninga	Simon	Good treatment of spreadsheet modeling
A Mathematician Plays the Stock Market		Paulos	John Allen	Excellent analysis of irrationality in investor behavior
Stocks For The Long Run	A Guide to Selecting Markets for Long-Term Growth	Siegel	Jeremy J.	
Fooled by Randomness	The Hidden Role of Chance in Life and in the Markets	Taleb	Nassim Nicholas	Challenges basis of finance and investment theory
Burn Rate	How I Survived the Gold Rush Years on the Internet	Wolff	Michael	True but hilarious account of dot-com start-up
Monkey Business	Swinging Through the Wall Street Jungle	Rolfe, Troob	John, Peter	True but hilarious account of working in an investment bank

The following supplementary readings on entrepreneurship, while not required, are highly recommended:

Practical Entrepreneurship Guides

1. Bagley, C. and C. Dauchy (1998), *The Entrepreneur's Guide to Business Law*, West
2. Berndt, S. (1997), *The 10 Commandments for Building a Growth Company* (3rd Ed.), Archipelago Press
3. Kawasaki, G. (1999), *Rules for Revolutionaries*, Harper Business
4. Lang, J. (2002), *The High Tech Entrepreneur's Handbook*, Ft.com
5. Weintraut, J. N. and C. Barr (2002), *Lightspeed Business*, Wiley
6. Nesheim, John L., *High Tech Start Up: The Complete Handbook for Creating Successful New High Tech Companies*, The Free Press

More Scholarly Work on the Entrepreneurship Process

1. Bhidé, A. (2000), *The Origins and Evolution of New Businesses*, Oxford University Press
2. Lee, C. M. et al. (2000), *The Silicon Valley Edge*, Stanford Business Press
3. Roberts, E. B. (1994), *High Technology Entrepreneurship*, Oxford University Press
4. Stevenson, H. H. et al. (1999), *New Business Ventures and the Entrepreneur*, (5th ed.), McGraw-Hill
5. Geoffrey Moore, *Crossing the Chasm*
6. Paulos, John Allen (2003), *A Mathematician Plays the Stock Market*, Basic Books

Journalistic Accounts of High Tech Start Ups and Silicon Valley

1. Kaplan, J. (1994), *Start Up: A Silicon Valley Venture*, Houghton Mifflin
2. Branson, P. (1999), *The Nudist on the Late Night Shift and other Tales of Silicon Valley*, Broadway Books
3. Kaplan, D. (1999), *The Silicon Boys and their Valley of Dreams*, Perennial
4. Komisar (2000), *The Monk and the Riddle: Education of a Silicon Valley Entrepreneur*, Harvard Business School Press
5. Kuo, D. (2002), *dot.bomb: My days and nights at an Internet Goliath*, Little Brown
6. David Sheff (2002), *China Dawn: The Story of a Technology and Business Revolution*, HarperBusiness