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**

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>13-Jan (Mon)</td>
<td>Course overview: Why entrepreneurship and introduction to business plans</td>
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<tr>
<td></td>
<td></td>
<td>Generating, evaluating and presenting scalable business ideas</td>
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<tr>
<td>2</td>
<td>20-Jan (Mon)</td>
<td>Innovation and Value proposition</td>
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<td>3</td>
<td>27-Jan (Mon)</td>
<td>Idea presentations</td>
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<tr>
<td>4</td>
<td>03-Feb (Mon)</td>
<td>Idea selection</td>
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<tr>
<td></td>
<td>10-Feb (Mon)</td>
<td>Chinese New Year Public Holiday</td>
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<tr>
<td>5</td>
<td>17-Feb (Mon)</td>
<td>Competitive Strategy I</td>
</tr>
<tr>
<td>MTB</td>
<td>24-Feb (Mon)</td>
<td>Mid-Term Break</td>
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<tr>
<td>6</td>
<td>3-Mar (Mon)</td>
<td>Competitive strategy II</td>
</tr>
<tr>
<td>7</td>
<td>10-Mar (Mon)</td>
<td>Financial plan I</td>
</tr>
<tr>
<td>8</td>
<td>17-Mar (Mon)</td>
<td>Building, managing and motivating teams</td>
</tr>
<tr>
<td>9</td>
<td>24-Mar (Mon)</td>
<td>Financial plan II</td>
</tr>
<tr>
<td>10</td>
<td>31-Mar (Mon)</td>
<td>Execution plan</td>
</tr>
<tr>
<td>11</td>
<td>7-Apr (Mon)</td>
<td>Winning negotiations</td>
</tr>
<tr>
<td>12</td>
<td>14-Apr (Mon)</td>
<td>Presentation workshop</td>
</tr>
<tr>
<td>13</td>
<td>19-Apr (Sat)</td>
<td>Final Business Plan Presentations</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Milestone</th>
<th>Class Exercises</th>
<th>Class Presentation</th>
<th>Slide sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Course overview: Why entrepreneurship and introduction to business plans</td>
<td>Generating, evaluating and presenting scalable business ideas</td>
<td></td>
<td></td>
<td>1,2</td>
</tr>
<tr>
<td>2</td>
<td>Innovation and value proposition</td>
<td>Idea submission</td>
<td>Idea approved and teams formed</td>
<td>Idea selection and team formation</td>
<td>3,4</td>
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<tr>
<td>3</td>
<td>Idea presentations</td>
<td></td>
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<td></td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Idea selection</td>
<td></td>
<td>1st draft BP (ES) due</td>
<td>Innovation and value proposition</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Competitive strategy I</td>
<td></td>
<td>1st draft feedback received</td>
<td></td>
<td>6,7,8</td>
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<tr>
<td>MTB</td>
<td>Mid-Term Break</td>
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<tr>
<td>6</td>
<td>Competitive strategy II</td>
<td></td>
<td>1st draft feedback received</td>
<td>Innovation and value proposition</td>
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### 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

<table>
<thead>
<tr>
<th>Week</th>
<th>Milestone</th>
<th>Deadline</th>
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<tbody>
<tr>
<td>2</td>
<td>Idea slide submission</td>
<td>26-Jan (Sun)</td>
</tr>
<tr>
<td>3</td>
<td>Idea voting</td>
<td>2-Feb (Sun)</td>
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<tr>
<td>5</td>
<td>Idea approval and team formation</td>
<td>3-Feb (Mon)</td>
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<tr>
<td>6</td>
<td>First draft business plan (executive summary only) due</td>
<td>17-Feb (Mon)</td>
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<tr>
<td>10</td>
<td>2nd draft business plan due</td>
<td>24-Mar (Mon)</td>
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<tr>
<td>13</td>
<td>Final business plan due</td>
<td>14-Apr (Mon)</td>
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<tr>
<td>14</td>
<td>Final business plan presentations</td>
<td>19-Apr (Sat)</td>
</tr>
<tr>
<td>14</td>
<td>Peer review</td>
<td>19-Apr (Sat)</td>
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</table>
Text & Readings

Textbook, Cases and Other Reading Materials

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

<table>
<thead>
<tr>
<th>Title</th>
<th>Subtitle</th>
<th>Author_Last</th>
<th>Author_First</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innumeracy</td>
<td>Mathematical illiteracy and its Consequences</td>
<td>Paulos</td>
<td>John Allen</td>
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<tr>
<td>A Random Walk Down Wall Street</td>
<td></td>
<td>Malkiel</td>
<td>Burton G.</td>
<td>Classic on financial markets valuation tech</td>
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<tr>
<td>Envisioning Information</td>
<td></td>
<td>Tufte</td>
<td>Edward</td>
<td>Classic on graphic design</td>
</tr>
<tr>
<td>Visual Explanations</td>
<td>Images and Quantities, Evidence and Narrative</td>
<td>Tufte</td>
<td>Edward</td>
<td>Classic on graphic design</td>
</tr>
<tr>
<td>The Visual Display Of Quantitative Information</td>
<td></td>
<td>Tufte</td>
<td>Edward</td>
<td>Classic on graphic design</td>
</tr>
<tr>
<td>The Age Of Spiritual Machines</td>
<td>When Computers Exceed Human Intelligence</td>
<td>Kurzweil</td>
<td>Ray</td>
<td>Interesting discussion of machine intelligence</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>by a successful entrepreneur</td>
</tr>
<tr>
<td>The New New Thing</td>
<td>A Silicon Valley Story</td>
<td>Lewis</td>
<td>Michael</td>
<td>Story of Jim Clark, successful entrepreneur</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>who started SGI and Netscape</td>
</tr>
<tr>
<td>The Emperor’s New Mind</td>
<td>concerning computers, minds and the laws of physics</td>
<td>Penrose</td>
<td>Roger</td>
<td></td>
</tr>
<tr>
<td>Competitive Strategy</td>
<td>Techniques for Analyzing Industries and Companies</td>
<td>Porter</td>
<td>Michael E.</td>
<td>Classic marketing text</td>
</tr>
<tr>
<td>Market Driven Strategy</td>
<td></td>
<td>Day</td>
<td>George S.</td>
<td>Good overview of marketing strategy</td>
</tr>
<tr>
<td>Eboys</td>
<td>The First Inside Account of Venture Capitalists at Work</td>
<td>Stross</td>
<td>Randall E.</td>
<td></td>
</tr>
<tr>
<td>Prisoner’s Dilemma</td>
<td></td>
<td>Poundstone</td>
<td>William</td>
<td></td>
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<tr>
<td>Mathematics For The Nonmathematician</td>
<td></td>
<td>Kline</td>
<td>Morris</td>
<td></td>
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<tr>
<td>Finding Fertile Ground</td>
<td>Identifying Extraordinary Opportunities for New Ventures</td>
<td>Shane</td>
<td>Dr. Scott A.</td>
<td>How to create scalable businesses. Approach very similar to ours.</td>
</tr>
<tr>
<td>Bookmaking</td>
<td>The illustrated guide to design/production/editing</td>
<td>Lee</td>
<td>Marshall</td>
<td>Classic work on print layout and design</td>
</tr>
</tbody>
</table>
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**

**More Scholarly Work on the Entrepreneurship Process**
5. Geoffrey Moore, Crossing the Chasm

**Journalistic Accounts of High Tech Start Ups and Silicon Valley**
2. Branson, P. (1999), *The Nudist on the Late Night Shift and other Tales of Silicon Valley*, Broadway Books