

**The Wharton School
The University of Pennsylvania
Philadelphia PA 19104**

Business Plan Creation and Implementation

Management 227.001

Course Syllabus

Fall 2002

Sec. 001: MW 12:00-1:20

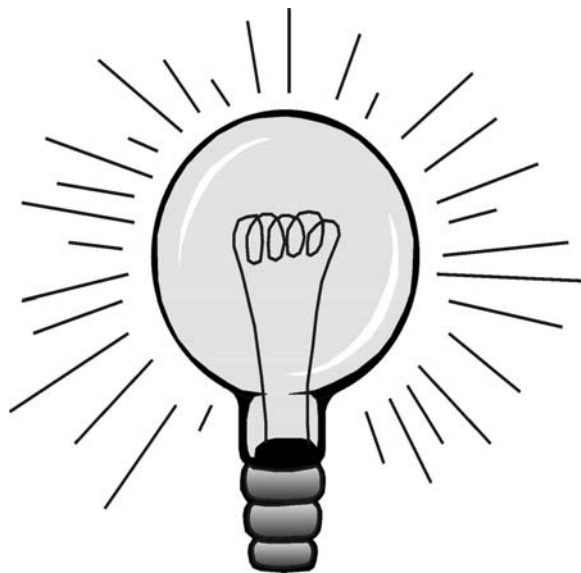
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I. COURSE DESCRIPTION

MGMT 227 is based on MGMT 230, the core undergraduate course in the Wharton Entrepreneurial Management curriculum, adapted for non-Wharton Penn students from any discipline.

Entrepreneurship at Wharton, hence Penn, is centered on applied business innovation, or how to create value in businesses, not only through new products or services, but also through new technologies, business concepts, transaction mechanisms, distribution channels, or through any innovative means. Particular emphasis is given to individual, team and organizational creativity in the art of wealth creation through the initiation of new ventures with high growth potential.

The purpose of this course is to understand entrepreneurship as a concept and how it relates to you personally. In this sense, MGMT 227 explores the dimensions of entrepreneurship in relation to you and your desire, whether nascent or mature, to start a business or to pursue an idea for a business that you may already have been considering.

Underlying this purpose are the objectives to provide a framework for you to generate ideas for businesses and test their feasibility, followed by providing you with the tools needed to construct and write a business plan using the latest methods and approaches. Five major course elements support these objectives.

- **Experience the process:** identify, evaluate and pursue a real business opportunity, of your own choosing, from either an independent or corporate setting with a team of motivated peers.
- **Write a plan:** develop a business plan for a new venture.
- **Analyze the problems:** consider some fundamental issues related to venture initiation and learn to assess the risks, challenges and rewards involved in the venturing process.
- **Meet the professionals:** through guest lecturers, learn from the experiences of seasoned entrepreneurs and venture capitalists, get feedback from professionals, and acquire practical knowledge and tools. These speakers are the “real deal.”
- **Step off the beaten path:** to borrow a phrase from the eminent Dr. Ian MacMillan, learn the Entrepreneurial Mindset. Learn to think differently, challenge conventional wisdom, extend creative energies beyond previously imagined limits, and redefine your scope of possibilities using new methods and attitudes.

An important emphasis in MGMT 227 is applying concepts and techniques from the functional areas of accounting, finance, managerial economics, marketing, operations management, and organizational behavior in the context of new venture development. In this regard, you will be challenged to shift from being a receiver of ideas, facts, concepts and techniques, to a style of generating ideas, identifying problems, analyzing and evaluating alternatives, and formulating workable action plans.

You will receive “close up experience” in the following ways:

- Through the formation and ongoing work of a venture team that will develop a comprehensive business plan for a selected start-up. Teams are encouraged and expected to utilize whatever tools or analytical approaches are appropriate for their venture. Creativity and innovation are especially encouraged and rewarded.
- Through class lectures and guest lectures which are designed to familiarize you with the many dimensions of entrepreneurship.
- Through analyzing and constructively criticizing business plans.

Class discussions will also involve actual startup business cases to serve as examples and to illustrate the entrepreneurial thought process. Coming to class well prepared to discuss assigned readings and cases will assure that your experience is rich and full and more rewarding than the alternative.

The contribution of this course to your management development (i.e., what you can expect to learn or how much you will learn) as well as the usefulness of the course in your ensuing professional career depends, to a large extent, on the following:

- The commitment of your team to the selected venture idea.
- The level of effort you and other members of your team put into turning the idea into a business plan.
- The cohesiveness of your team (i.e., how well you work together) and the overall desire to reach consensus.
- How well you operate and communicate in a group/team setting.
- How well you work through potential or actual conflict and disagreement.

You will be required to make regular use of the Internet and other information technologies. You are encouraged to make use of a wide range of information sources to increase your effectiveness in performing market research and competitor analysis.

II. COURSE PREREQUISITES

Because MGMT 227 is open to non-Wharton students, there are no specific prerequisites. The major prerequisite is a willingness to be creative and think differently about what is possible. The course will draw on disciplines such as Marketing, Sales, Business Development, Corporate Finance, Venture Capital, Operations, R & D and others. Regardless of your field of concentration or intended profession, MGMT 227 will be beneficial throughout every aspect of your career and most particularly if you ever decide to start a business.

III. COURSE LOGISTICS

Grading

Grades will be determined in the following percentage combination:

▪ Class attendance and participation	20%
▪ Written Idea Paper	5%
▪ Written Interview Exercise	5%
▪ Quizzes and discretionary assignments	10%
▪ In-class presentations	10%
▪ Business plan [divided as follows:]	50%
○ Concept paper	5%
○ Feasibility analysis	5%
○ Final business plan	40%
▪ TOTAL	100%

The overall grade for the business plan will comprise a team grade (assigned to each member of the team) as well as an individual grade. The individual grade will be determined by peer review in which each teammate evaluates the other team members' contribution to the development and delivery of the business plan.

Two hard copies of all written assignments should be submitted in Word format and turned in at the beginning of the class period on the date they are due. Late papers will be counted but may receive point reductions at the discretion of the Instructor. Re-grading requests will be entertained but are solely at the discretion of the instructor. (There is generally a very low probability that a grade will be changed.)

Class Participation and Attendance

MGMT 227 is an interactive discussion course. Your active participation will be a central part of the experience for both you and your classmates. Assigned readings and your startup project will provide the basis for dialog and the relationship of course material to the class business projects. As such, class discussions will explore the entrepreneurial experience, and how it relates to your business project, as closely as possible.

This means that class attendance, including arriving on-time, is a critical component to the course. If you do not attend class, you cannot benefit from participation and, as noted above, participation is a significant part of the experience. Wharton School attendance policies will be applied. Unexcused absences will result in points subtracted from your total grade for the course. It would be wise to review anticipated absences at the *beginning* of the semester with the instructor.

Guest lectures are another important part of the entrepreneurial learning experience. Please respect the contributions of guest lecturers by researching their companies prior to class. Each guest lecturer will share their experiences and provide time for questions and answers. The most successful students in this course generally prepare questions in advance. Unexcused absences from guest lecture classes are especially undesirable.

IV. COURSE MATERIALS

Required Bulkpack: The bulkpack required for MGMT 227 is available from Wharton Reprographics. It contains required readings. Additional readings will be available on WebCafe or distributed in class.

Required Text: *The Entrepreneurial Mindset*, McGrath, R. G. and MacMillan, I., Harvard Business School Press, 2000

Field Trip: Movie: *Startup.com*, date, time, location TBA

V. OTHER INFORMATION

WebCafe: It will be necessary for you to establish a Wharton account to access the WebCafe. Please contact:

Instructor Information located on the cover of the Syllabus or:

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VI. MANAGEMENT 227: FALL 2002 COURSE OUTLINE

NOTE ON READINGS: Readings should be completed prior to the class session for which they are indicated in order to facilitate discussion.

NOTE ON ASSIGNMENTS AND DUE DATES: Specific assignment guidelines are posted on the WebCafe and are DUE at the beginning of the class session indicated or as indicated by the instructor. Two (2) hard copies of each written assignment should be presented in Word format. Electronic copies are not accepted but may be requested on a spot basis.

1. Monday, September 9: Introduction—Course Overview and Content

Topics:

- Introduction of the course and instructor
- Review course requirements, materials, syllabus, grading
- Complete Entrepreneurship Information and Survey
- Individual backgrounds, interests, and business ideas

Readings

1. Turn In: Entrepreneurship Registration and Survey (in Bulkpack)

2. Wednesday, September 11: Who is an Entrepreneur?

Topics:

- Discuss Entrepreneurship
- Identify the characteristics of an entrepreneur
- Contrast entrepreneurship with employment
- Discuss personal considerations

Readings:

2. Chapters 1 and 2, *The Entrepreneurial Mindset*
3. Questions Every Entrepreneur Must Answer

Assignment: Written Idea Paper (Posted on WebCafe).

3. Monday, September 16: Idea Generation

Topics:

- Identifying concepts for new businesses
- Discuss ideas and idea generation
- Sources of new ideas
- Discuss the continuum of Idea→Opportunity→Business Opportunity→Investment Opportunity
- Identify processes for generating ideas and their origins
- Identify critical elements of a “good idea”
- Venture teams
- Marketing your venture concepts to potential team members

Readings:

4. Howard Head & Prince Racket (9-388-079)
5. Timmons, *New Venture Creation (5th Ed)*, Chp 3, “The Opportunity: Creating, Shaping, Recognizing, Seizing”

Assignment (optional): Next class, present venture ideas with the objective of attracting team members.

4. Wednesday, September 18 : Investigating Ideas and Testing Feasibility

Due: Written Idea Paper (2 hard copies at the beginning of class)

Due (optional): Present venture ideas informally to the class

Topics:

- Defining Opportunity
- Applying Quick Filters
- Develop framework for assessing viability of a venture
- Compare and contrast a feasibility study and a business plan

Reading:

6. Macmillan: "Criteria Used by Venture Capitalists to Evaluate New Venture Proposals"

Assignment: Begin aggregating into Venture Teams

5. Monday, September 23: Business Planning

Topics:

- Introduction of Primary and Secondary research
- Identifying research objectives
- Discuss sources, approaches and tactics

Readings

7. "How to Write a Great Business Plan"
8. WebCafe: Ernst & Young, "Guide to Producing a Business Plan"

6. Wednesday, September 25: Guest Lecture: Kathleen Dreyer, Lippincott Library, Electronic Resources Librarian

DUE: Team Rosters

Topics:

- Discuss effective business planning
- Discuss research objectives
- Discuss Interview Exercise
- Contrast primary and secondary research
- Identify methods of conducting venture research

Assignment: Interview Exercise (posted on WebCafe)

7. Monday, September 30: Market Analysis and Idea Feasibility; Structure and Content of Feasibility Analysis

Topics:

- Product versus service
- What is the industry?
- Where does your idea fit in the value chain?
- What value does it create and for whom?
- How will transactions occur?
- Interview techniques
- SurveyMonkey.com
- Differentiate the feasibility study and the business plan
- Identify requirements for venture feasibility
- Discuss feasibility requirements of group concept papers

Readings

9. Urban & Hauser Chp 8, "Consumer Measurement — A Review"

Assignment: Group Concept Paper

8. Wednesday, October 2: Elements of a Business Plan

DUE: Group Concept Paper

Topics:

- Identify and discuss key elements of a business plan
- Compare elements in the context of different types of businesses

Readings

9. Monday, October 7: New Venture Strategy — Business Models, Revenue Models, and Value Drivers

Topics:

- Identify critical economic drivers for both revenue and cost
- Identify customer value proposition and mechanisms for measuring value
- Describe existing value chain and venture's role and impact on it
- Discuss value chain in context of team business concepts

Readings

10. Chapters 3 and 4, *Entrepreneurial Mindset*

10. Wednesday, October 9: Industry and Competitive Analysis

Topics:

- Evaluate an industry environment
- Identify characteristics of an opportunity-rich environment
- Discuss critical requirements for initiating ventures in mature industries
- Develop framework for assessing competitive advantage

Readings

11. "New Rules for the New Economy", WIRED
12. Porter, Chp 2, "Generic Competitive Strategies"
13. Chapter 7, *Entrepreneurial Mindset*

11. Monday, October 14: Guest Lecture TBA

Topics:

- Discuss marketing and market strategy issues

Readings

13. Chapter 5 and 9, *Entrepreneurial Mindset*

Assignment: Prepare for Feasibility Presentation

12. Wednesday, October 16: New Venture Strategy and Timing

DUE: Interview Assignment

Topic:

- Identify critical customers, product differentiation, and product positioning for venture
- Develop strategy to bring product/service to customer base
- Discuss the different types of new businesses
- Discuss timing of market entry
- Discuss positioning in the marketplace

Readings

14. *Business Marketing Management*, Chapter 13: "Managing Business Marketing Channels"

15. WebCafe: Steve Jurvetson and Tim Draper, "Viral Marketing"

16. Internet: Ries & Ries, "22 Immutable Laws of Branding" (<http://www.ries.com/22laws/intro.html>)

13. Monday, October 21: PRESENTATIONS OF FEASIBILITY ANALYSIS

14. Wednesday, October 23: PRESENTATIONS OF FEASIBILITY ANALYSIS

15. Monday October 28: Financial Planning — Financials and Financial Projections

Topics:

- Identify critical elements of new venture financial statements
- Understand critical assumptions for revenue, costs and expenses
- Discuss financial projections and financial statements
- Discuss how much money your venture needs to get started, expand and grow

Readings

17. Merrill Lynch, "How to Read a Financial Report"

18. HBR, "How much money does your venture need"

19. Business Plan Guide, Chp 13, Financial Plan

16. Wednesday, October 30: Financial Planning — Sources of Funds and Deal Structures

Topics:

- Identify and compare sources of funding for ventures
- Discuss appropriate funding sources for different venture types
- Identify alternative deal structures for venture financing
- Examine deal term sheets and actual cases

Readings

20. HBS, "Alternative Sources of Financing"

21. HBS, "Valuation Techniques"

22. WebCafe: Sample Term Sheets and Financial Cases F1 and F2

17. Monday, November 4: Venture and Angel Capital

Topics:

- Identify criteria for evaluating ventures
- Differentiate angel and venture capitalists as investors
- Contrast investment types, instruments and deal structures
- Assess potential risk factors for ventures and impact on investments

Readings

23. HBR, "How Venture Capital Works," November-December 1998

24. Internet: Price Waterhouse Coopers Venture Capital Survey (<http://204.198.129.80/index.asp>)

Assignment: TBA

18. Wednesday, November 6: Guest Lecture TBA

Topics:

- Discuss process of evaluating ventures
- Describe operations of a venture fund
- Discuss investing criteria
- Discuss decision criteria for new venture funding

Readings

19. Monday, November 11: Managing Venture Growth

Topics:

- Identify mechanisms of and requirements for growth of a venture
- Milestone planning and stage evolution

