

The University of Iowa
John Pappajohn Entrepreneurial Center
Henry B. Tippie College of Business
Fall 2009

COURSE NUMBER: 06J:125:002

COURSE TITLE: Entrepreneurial Strategy

CLASS MEETS: Tuesday and Thursday from 1:05 p.m. – 2:20 p.m. in W107 PBB

INSTRUCTOR: David Hensley, Executive Director and Clinical Professor
John Pappajohn Entrepreneurial Center
S160 Pappajohn Business Building
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JPEC INFORMATION: **JPEC Website:** www.iowajpec.org

Facebook: Become a fan of “**Entrepreneurship at Iowa**”; receive updates about events, competitions, and scholarships.

OFFICE HOURS: Tuesdays and Thursdays: 11:00 a.m. – 12:00 p.m. in S160 PBB
Or by appointment

Please be sure to check ICON regarding any cancellations of office hours due to work-related travel requirements throughout the semester.

COURSE TEXT: Foundation® Business Simulation Student Guide. The book is available from Iowa Book.

Case Packet. Available from Iowa Book.

Other required readings will be posted on the course ICON site.

COURSE DESCRIPTION AND OBJECTIVES:

It has been said that the difference between managers and entrepreneurs is that managers are “resource driven” while entrepreneurs are “opportunity driven.” Within the broadest definition, entrepreneurs are found throughout the world; since any organization, if it is to survive and prosper, must have its share of entrepreneurial spirit. In this class, we will study the entrepreneurial process as it applies to the creation of a new venture and growing an existing organization; the concepts and skills developed in the course are applicable to both traditional corporate ventures and new and emerging companies.

The course attempts to encourage an integrated, cross-functional perspective of how organizations identify and evaluate opportunities and develop strategies to compete in a global marketplace. It concentrates on innovation and creativity, opportunity recognition, venture screening, identification of resources, and strategic business planning. Through lectures, case discussions, a computer simulation, guest speaker presentations, readings, and evaluation of venture opportunities, students will experience

what entrepreneurial leaders undergo throughout the entrepreneurial process of launching and growing ventures.

The primary course objectives are:

1. To develop a comprehensive definition of entrepreneurship and recognize its importance to long-run economic growth.
2. To identify and understand the most commonly cited characteristics found in successful entrepreneurial leaders.
3. To explore the role of entrepreneurship, innovation and creativity in the formation of new ventures and growth of existing organizations.
4. To study the models and criteria used by entrepreneurs, senior executives, bankers, angel investors, and venture capitalists to evaluate and pursue entrepreneurial opportunities.
5. To learn the components of a strategic business plan and understand the importance and benefits of the strategic business planning process.
6. To examine strategic business models employed by small and large organizations to create sustainable growth firms.

ASSIGNMENTS:

I. Entrepreneurial Computer Simulation (Team Assignment)

Student teams will be formed to compete against one another (and in some cases computer-generated teams) in the Foundation® Business Simulation. The simulation is based on the electronic sensor manufacturing industry. The simulation assumes that each company was formed as a result of deregulation in the industry; each “world” will have six identical competitors. The teams are required to develop and implement new strategies in order to successfully compete in the industry. The functional areas of each company are: R&D, marketing, human resources, production, and finance.

The simulation begins with each individual student completing online training for the simulation.

The review sessions will provide the necessary preparation for completing the required weekly review, analysis, and decision making. Teams will have two practice weeks prior to the official start of the competition; the official competition lasts eight weeks. **Once the competition begins, teams are required to have their weekly decisions in by 11:59 p.m. each Monday.**

At the end of the simulation, each team is required to submit a two-page statement to convince the CEO (a.k.a. your instructor) that your team should be selected as the one and only senior management team for future operations. The paper should include a brief review of historical performance, highlight any strategic competitive advantages established, and offer an exciting and compelling vision for the future.

The grade allocation for these activities is as follows (percentages shown below reflect relative percent of the overall final letter grade):

Weekly Simulation Results	15.0%
Overall Simulation Results	7.5%
Final Summary Paper	<u>2.5%</u>
Total	25.0%

For the weekly simulation results, grades will be based on each team's performance as judged by the Analyst Report (total points) in CAPSIM. Points are distributed based upon the following scale:

Rounds 1-8

Over 850 points	100%
849-800 points	97%
799-725 points	93%
724-700 points	90%
699-675 points	87%
674-625 points	83%
624-600 points	80%
599-575 points	77%
574-525 points	73%
524-500 points	70%
499-475 points	67%
474-425 points	63%
424 points and below	60%

For the overall simulation results, grades will be based on cumulative profits generated by the company through round 8. The point distribution is shown below:

Cumulative Profits over \$125 million	100%
Cumulative Profits between \$110.0 million and \$124.9 million	95%
Cumulative Profits between \$100.0 million and \$109.9 million	90%
Cumulative Profits between \$90.0 million and \$99.9 million	85%
Cumulative Profits between \$80.0 million and \$89.9 million	80%
Cumulative Profits between \$70.0 million and \$79.9 million	75%
Cumulative Profits under \$70 million	70%

II. Entrepreneurial Venture Strategy Paper (Team Assignment) – Due October 13th

Each team will be responsible for evaluating the entrepreneurial strategies employed by an existing organization—corporation, non-profit, or governmental body. **Each team must list their organization being evaluated on the course ICON site (in the Discussion area) by September 22nd in order to eliminate duplication in the class.** The final paper may not exceed five pages. Specific requirements and grading criteria is shown below:

- Overview of the organization (10%)
- Environmental/industry analysis (30%)
- Entrepreneurial resources evaluations (40%)
- Organizational strategies/opportunities analysis (20%)

Final Paper Requirements

The final paper must be submitted in the following format:

- The paper must include a cover page with the following information: name of students, name and course number, assignment title, and date of submission.
- The paper should be stapled in the upper left-hand corner; do NOT submit the paper in a three-ring binder or any other type of binder or folder.
- The paper should be written in no smaller than 12 font text, with one inch margins for the top, bottom, left and right, be single spaced, and have numbered pages (excluding the cover).

- The paper should include a bibliography that identifies a minimum of five different sources of information (i.e. web site, news article, interview, etc.)

III. Entrepreneurial Opportunity Paper (Individual Assignment) – Due December 1st

Each student is required to complete a simple feasibility analysis on a new product or service. The opportunity should be large enough to generate revenues in excess of \$1 million within a 3-5 year time period and serve a national market—this requirement may be achieved by selling over the web.

The final feasibility analysis should not exceed seven pages, excluding the appendix and any financial tables you choose to include. Specific requirements and evaluation criteria are provided below:

Executive Summary – 10%

Key components to include are:

- Description of the business opportunity – i.e. problem you are solving, unmet need, etc.
- Key unique/innovative features of the business opportunity
- Overview of the market potential
- Profit potential

Product/Service Feasibility– 30%

Key components to include are:

- Detailed description of the proposed product or service
- Identification/discussion of the unique features and benefits of the proposed product or service— i.e. what is the perceived need
- Overview of intellectual property protection—i.e. is the new product or service based on proprietary knowledge
- Stage of development, time to market, and production strategies

Market Feasibility – 30%

Key components to include are:

- Industry overview—i.e. size, scope, and industry growth potential
- Customer identification—i.e. dominant characteristics such as age, income level, purchasing habits, etc., criteria for purchasing, and ease of finding and selling to customers
- Competitive analysis—i.e. size and number (current and future potential), strengths and weaknesses, and competitive advantages

Financial Feasibility – 30%

Key components to include are:

- Start-up costs
- Revenue and profitability projections (three years annualized)
- List of key assumptions supporting projections
- Break-even analysis

Final Paper Requirements

The final paper must be submitted in the following format:

- The paper must include a cover page with the following information: name of student, name and course number, assignment title, and date of submission.
- The paper should be written in no smaller than 12 font text, with one inch margins for the top, bottom, left and right, and be single spaced.
- The paper should have page numbers on each sheet (not on the cover page).

- The paper should include a bibliography that identifies sources of data, etc.

IV. Examinations

Students will be required to complete two exams during the course. The exams will be based on the readings, lectures, guest speakers, and class discussions (including student presentations). The exams are scheduled for the following dates:

- Midterm Exam: **Tuesday, October 6th during class**
- Comprehensive Final Exam: **Friday, December 18th from 12-2 p.m.**

V. Discussions/Participation/Attendance

This is a highly interactive course, so students are expected to be prepared to discuss the assigned course material and cases as part of the regular class sessions. Due to the nature of the class, attendance is mandatory. A student who cannot attend a class should contact the instructor before the beginning of the session that will be missed. An excused absence will be granted for illness (with documentation), mandatory religious obligations, authorized university-based activities including participation on athletic teams, the marching and pep bands, debate teams, and other university groups, university field trips, service with the military or National Guard, and jury duty. **All students will be allowed one unexcused absence without grade penalty. Starting with the second unexcused absence, I will deduct one point from your final point total for each class missed. Students should turn off all cell phones and pagers prior to the beginning of class.**

GRADING:

The final grade will be based on the following percentage scale: 100-90 A, 89-80 B, 79-70 C, 69-60 D, and 59 and below F. Pluses and minuses are assigned based upon 1.5% from the upper and lower ranges. If I determine the final grading scale should be curved, I will then follow the Tippie College of Business grading curve and adjust the scale based on the following distribution: 30% A, 40% B, 25% C, and 5% D/F.

The relative weighting for each assignment is provided below.

Entrepreneurial Team Computer Simulation	25%
Entrepreneurial Venture Strategy Paper	10%
Entrepreneurial Opportunity Paper	15%
Midterm Exam	20%
Comprehensive Final Exam	<u>30%</u>
Total	100%

ETHICS AND TIMELINESS:

Because I regard this class as I would any job responsibility, I will hold you to strict standards of timeliness and ethics. In this regard, late work is unacceptable. Any paper that is not turned into the instructor by the date it is due will be considered late and will receive an automatic 10% grade reduction each day it is late. Any exercises and problems not completed by the stated due date and time will receive a zero for the assignment.

It is my sincere hope that no student in this class does work which is not his or her own. However, it seems prudent to clarify in advance the policy on cheating. If I determine that any assignment was not

written solely by the student whose identification number appears on the project, the student will receive a zero (0) for the project and may receive an “F” for the class.

All incidents of cheating will be reported to the appropriate Deans (e.g., the Associate Dean for the Undergraduate Program in the College of Business or Liberal Arts and Sciences) and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa.

In general, the decision of the Professor may be appealed to the College of Business’ Judicial Board, Associate Dean for the Undergraduate Program, the Collegiate Dean, the Dean of Students, and so on in accordance with University Policy. The Honor Code for the Tippie College of Business will determine the appropriate appeal process. The Honor Code may be found at <http://www.biz.uiowa.edu/upo/advising/honorcode.html>

This course is given by the Tippie College of Business. This means that class policies on matters such as requirements, grading, and sanctions for academic dishonesty are governed by the Tippie College of Business. Students wishing to add or drop this course after the official deadline must receive the approval of the Dean of the Tippie College of Business. Details of the University policy of cross enrollments may be found at: <http://www.uiowa.edu/~provost/deos/crossenroll.doc>.

GRIEVANCE POLICY:

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we cannot resolve the issue, you may contact Jay Christensen-Szalanski, DEO of the Management and Organizations department, at 319-335-0951 or jay-christensen-szalanski@uiowa.edu. If you are not able to resolve the issue by speaking with the DEO, you may contact the Associate Dean of Undergraduate Programs in the Henry B. Tippie College of Business, Lon Moeller, at 319-335-0924 or lon-moeller@uiowa.edu.

NEED ACCOMMODATION:

If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. Please see me after class hours or during my scheduled office hours or schedule an appointment. I would also remind you that the Office of Student Disability Services is available to assist you.

STATEMENT ON SEXUAL HARRASSMENT:

The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University [website](http://www.sexualharassment.uiowa.edu/index.php), <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean’s Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

CLASS SCHEDULE and ASSIGNMENTS (subject to change during the semester):

<u>Week of</u>	<u>Topics</u>
08/24	Course Introduction and Framework for Entrepreneurship Reading Assignment (Posted to ICON): “Global Entrepreneurship Monitor 2008 Executive Report,” pages 4-40; and “The 2008 State New Economy Index,” pages 3-17 and pages 52-65.
08/31	Foundation Business Simulation Preparation Reading Assignment – Student Simulation Guide Assignment: Students complete individual review session for Foundation® business simulation by Tuesday, September 8th
09/07	Innovation and Creativity Reading Assignment (Posted to ICON): “The 2008 Technology Innovation Awards,” from the September 29, 2008 <i>Wall Street Journal</i> ; “The Discipline of Innovation,” by Drucker; “Sources of Innovation,” Chapter 5 from <i>Managing Innovation</i> by Tidd & Bessant
09/14	Environment for Entrepreneurship Reading Assignment (Posted to ICON): “The Environment for Entrepreneurship,” Chapter 3 from <i>Entrepreneurship Strategies and Resources</i> , by Dollinger Due at 11:59 p.m. on 09/14: First team practice decision for simulation
09/21	Entrepreneurial Resources and Capabilities Reading Assignment (Posted to ICON): “Firm Resources and Sustained Competitive Advantage,” by Barney and “Developing a Business Model,” Chapter 4 from Allen Due at 11:59 p.m. on 09/21: Second team practice decision for simulation Assignment: Teams should post their selections for the Entrepreneurial Venture Strategy papers on ICON by Tuesday, September 22nd
09/28	Entrepreneurial Strategies Reading Assignment (Posted to ICON): “Planning for Growth,” Chapter 18 from Allen and “Entrepreneurial Strategies,” Chapter 4 from Dollinger. Due at 11:59 p.m. on 09/29 First official team decision for simulation
10/05	Midterm Exam – Tuesday, October 6th Due at 11:59 p.m. on 10/05: Second official team decision for simulation
10/12	Student Team Presentations of Organizational Venture Strategy Papers Due at 11:59 p.m. on 10/12: Third official team decision for simulation *** Due on 10/13: Organizational Venture Strategy Papers
10/19	New Business Formation Reading Assignment (Posted to ICON): “Assessment of Entrepreneurial Opportunities,” Chapter 7 from Kuratko and Hodgetts and Web-link to the SBA Guide for Writing a Successful Business Plan Due at 11:59 p.m. on 10/19: Fourth official team decision for simulation Case Discussion: Alison Barnard

CLASS SCHEDULE and ASSIGNMENTS continued (subject to change during the semester):

<u>Week of</u>	<u>Topics</u>
10/26	Intellectual Property Reading Assignment (Posted to ICON): “Copyright Basics,” and Web-links to Basic Information on Patents and Trademarks Due at 11:59 p.m. on 10/26: Fifth official team decision for simulation Case Discussion: Paragon Lake
11/02	Financing New and Growing Ventures Reading Assignment (Posted to ICON): “Venture and Growth Financing,” and “Obtaining Venture and Growth Capital,” Chapters 4 and 5 from Timmons, Spinelli, and Zacharakis Due at 11:59 p.m. on 11/02: Sixth official team decision for simulation
11/09	Corporate Venturing Reading Assignment (Posted to ICON): “The Forms of Corporate Entrepreneurship” and “Entrepreneurship in Other Contexts,” Chapters 4 and 5 from Morris, Kuratko and Covin Due at 11:59 p.m. on 11/09: Seventh official team decision for simulation
11/16	Social Entrepreneurship Reading Assignment: ICON posted articles to be determined Due at 11:59 p.m. on 11/16: Final official team decision for simulation Case Discussion: Northwest Community Ventures Fund
11/23	No Classes – Thanksgiving Break
11/30	Sustainability Reading Assignment: ICON posted articles to be determined Case Discussion: Jim Poss ** Due on 12/03: Entrepreneurial Simulation Summary Statement Paper
12/07	Entrepreneurial Potpourri Case Discussion: DayOne *** Due on 12/10: Entrepreneurial Opportunity Papers
12/18	Final Exam: Friday, December 18th 12:00-2:00 p.m.