

ECON 325
Entrepreneurship: Principles and Practice

Tuesday and Thursday, 9:30am - 10:45am

FedEx Global Center Room 1015

Nelson Mandela Auditorium

Fall 2016

Instructors

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Overview

ECON 325 builds on several of the fundamental concepts you studied and practiced in ECON 125. The course will be team taught by the instructors and lecturers in a series of four core modules, each with approximately five class sections. You will also gain valuable insights from outside speakers and some additional "topical" classes at the end of the term. The course will go deeper in several areas that we believe are fundamental for developing what we call the "entrepreneurial mindset." While ECON 125 exposed you to these tools and concepts at a high level, ECON 325 will help you learn how to use and apply them.

Goals and Learning Objectives

As noted above, ECON 325 is about learning how to apply some of the fundamental tools of entrepreneurship. You will become more familiar with, and be tested on your knowledge, in the following areas:

- Ideation, Creativity and Design thinking (Instructor: Dana McMahan)
 - Understand and apply key design thinking tools to identify unmet customer needs
 - Understand what a customer is and how to develop insights leading to innovative new models
- Customer Acquisition and Development (Instructor: Bernard Bell)
 - Have a basic understanding of process required for finding and developing your customers
 - Develop a basic framework to determine what it is that your customers want
 - Understand how to build a continuous feedback loop with customers during product development cycles
- Strategy (Instructors: Jed Simmons and Venkat Kupiswammy)
 - Look at Company strategy(s) through the lens of
 - Disruptive Innovation
 - Drivers and barriers to sustainable competitive advantage
 - Funding and M&A decisions
 - Vertical integration
 - Corporate Culture

- Entrepreneurial Finance (Instructor: Jan Davis)
 - Have a basic understanding of the elements, form and meaning of the income statement, balance sheet and cash flow statement
 - Understand the importance of cash flow forecasting
 - Know some of the forms of capital available to companies at different stages in their life cycles with a focus on what forms are available for startups
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- Organizational Basics (Instructor: Charles Merritt)
 - Understand basic organizational needs such as team building, corporate culture and diversity in the workplace
 - Understand the basic legal needs of new entities, such as corporate organization and structure

Resources

There will be a coursepack available at the Student Stores containing cases and articles required for the course. We will let you know when the coursepack is available via Sakai and in class. You will not need it for the first few class sessions.

We will use Sakai to facilitate communication and post various resources needed for class. Please read any emails/messages that originate for ECON 325 from Sakai as that is the only platform we have to reach all of you effectively. “I missed the email” is not an acceptable excuse for missed work, readings, assignments, etc. There will be links to resources available via the UNC library website posted on Sakai as well.

You will need to purchase the following texts:

Entrepreneurial Finance: Concepts and Cases, by Gina Vega and Miranda S. Lam. The book should be available at UNC Student Stores and is also available on [Amazon](#).

Business Model Generation, by Osterwalder & Pigneur. Available on [Amazon](#) in book or Kindle format. You should have this already if you took ECON 125.

The Startup Owner's Manual, by Steve Blank and Bob Dorf. Available on [Amazon](#) in book or Kindle format.

Optional: *The Design of Everyday Things*, by Don Norman. Available on [Amazon](#) in book or Kindle format. We have a link to the required chapter but the text quality is not the best. The book is very interesting and we recommend it but it is not required.

Syllabus Changes

This syllabus sets the schedule, but students must recognize that things can, and likely will, change as we have a number of guest speakers and lecturers. We will respond to changes as necessary, and ***we reserve the right to revise the syllabus and assignments as needed.*** We are finalizing dates for guest speakers and will revise the syllabus as things change. Any changes to assignments or class expectations will be made with advance notice to you.

Schedule

Module	Class	Date	Topic	Prep Work
Introduction	1	8/23	In Class Exercise Meet the Instructors Course Goals and Objectives	
Ideation, Creativity and Design Thinking (McMahan)	2	8/25	What drives us to create? Storytellers and Entrepreneurs. Divide into groups for exercise.	Read Chapter 1, The Myths of Creativity : The Truth About How Innovative Companies and People Generate Great Ideas http://site.ebrary.com/libproxy.lib.unc.edu/lib/uncch/reader.action?docID=10814499&ppg=13 TED Talk, David Kelley: How to build your creative confidence https://www.ted.com/talks/david_kelley_how_to_build_your_creative_confidence?language=en

Ideation, Creativity and Design Thinking (McMahan)	3	8/30	Design Thinking: Consumer Empathy and the Iterative Process Group Exercise, the whole class.	Read Chapter 1, Design of Everyday Things http://ow.ly/6dHQ303jMt1 TED Talk, Yves Behar: Designing objects that tell stories https://www.ted.com/talks/yves_behar_on_designing_objects_that_tell_stories?language=en
Ideation, Creativity and Design Thinking (McMahan)	4	9/1	So you want your product or service to be a brand someday. Defining Brand Experience. Divide into 10 groups for exercise.	Read Chapter 4-5, The Starbucks Experience http://ow.ly/aLgQ303jQ0x Video, Haavas Media, Why Meaningful Brands Matter. https://www.youtube.com/watch?v=C_vK1r9s3tg
Ideation, Creativity and Design Thinking (McMahan)	5	9/6	A Brand and a Mission, By Design. A Startup to Superstar Story. Guest Speaker, Jim Geike Executive Vice President and General Manager Burt's Bees, Inc.	Read Case Study, Burt's Bees Case Study Retaining brand values in natural personal care following acquisition http://web.a.ebscohost.com.libproxy.lib.unc.edu/ehost/pdfviewer/pdfviewer?vid=4&sid=2457af21-9802-46c5-9b3e-d96a1bdb451f%40sessionmgr4007&hid=4106
Ideation, Creativity and Design Thinking (McMahan)	6	9/8	Sharing results of the concept process. A student-moderated session. Presentation by Students of Concept Work.	Concept Assignment on Ideation & Design Thinking Due on 9/6.
Ideation, Creativity and Design Thinking (McMahan)	7	9/13	The Blending of Making and Tech Guest Speakers, Alexa Buckley and Sarah Pierson CEO and President, Margaux Shoes, NY	Design by Customer: Concept and Applications http://download.springer.com.libproxy.lib.unc.edu/static/pdf/62/art%253A10.1007%252Fs10845-011-0587-4.pdf?originUrl=http%3A%2F%2Flink.springer.com%2Farticle%2F10.1007%2Fs10845-011-0587-4&token2=exp=1471438201~acl=%2Fstatic%2Fpdf%2F62%2Fart%25253A10.1007%25252Fs10845-011-0587-

				4.pdf%3ForiginUrl%3Dhttp%253A%252F%252Flink.springer.com%252Farticle%252F10.1007%252Fs10845-011-0587-4*~hmac=1b3aee41e5e8da4069c5d4d245589e73a68b00c4e248f64834e742b125ddffe5
Customer Development (Bell)	8	9/15	<p>Looking Broader and Looking Closer: Trying to Understand Margaux Shoes Customer By Becoming the Customer</p> <p>Capturing the founders’ vision and turning it into a series of business model hypotheses</p>	<p>Reading: Business Model Generation: pg 12-19; TED Talk, <i>Tony Fadell: The First Secret of Great Design</i>: //www.youtube.com/watch?v=9uOMectkCCs Youtube: Oprah Winfrey, Stanford Graduate School of Business: Career, Life, and Leadership</p> <p>Attachment A: Resource guide to develop questions around the Customer Development Process.</p>
Customer Development (Bell)	9	9/20	<p>Customer Discovery</p> <p>Speaker: Bill Goodwyn, President, Discovery Education</p>	<p>Reading: Chapters 1-2 The Startup Owners Manual Reading: Harvard Business Review- Turn Customer Input into Innovation https://hbr.org/2002/01/turn-customer-input-into-innovation YouTube: The Path To Epiphany-- Steve Blank and The Customer Development Model https://www.youtube.com/watch?v=xUZJY3LgY7s Kevin Hart Youtube: https://www.youtube.com/watch?v=mtcdr4e2fSg</p>
Customer Development (Bell)	10	9/22	<p>Customer Discovery</p> <p>How Quickly Should You Validate Your Startup?</p> <p>Glenn Gonzales, Executive VP, Honda Jet</p>	<p>Reading: Business Model pages 124-133; Reading: Harvard Business Review- 7 Steps to Deliver Better Customer Experiences https://hbr.org/2015/02/7-steps-to-deliver-better-customer-experiences Youtube: MVP Quickly Validate Your Startup https://www.youtube.com/watch?v=jHyU54GhfGs</p> <p>Students form teams and using Appendix A go out and talk to customers.</p>

Customer Development (Bell)	11	9/27	Customer Validation How to create a product that people want Team Presentations on results from talking to customers.	Reading: Conscious Capitalism: The Whole Foods Story http://fortune.com/2015/08/20/whole-foods-john-mackey/
Customer Development (Bell)	12	9/29	Company-building Guest Lecturer—Marvin Ellison, CEO. JC Penney Transition the organization from a startup to a company focused on executing a validated model	Business Model Generation pg 134-189
Strategy (Simmons)	13	10/4	Overview of Strategy through the Lens of Pixar	Reading: TBD and Pixar Case Case “Brief” - for those not writing the Case Case “Write-Up” - for those signed up
Strategy (Simmons)	14	10/6	Strategy through the Lens of Netflix	Reading: Netflix Case Case “Brief” - for those not writing the Case Case “Write-Up” - for those signed up
		10/11	UNIVERSITY DAY - NO CLASS	
Strategy (Simmons)	15	10/13	Strategy through the Lens of Dropbox	Reading: Dropbox Case Case “Brief” - for those not writing the Case Case “Write-Up” - for those signed up
Strategy (Simmons)	16	10/18	Strategy through the Lens of Trader Joe’s	Reading: Trader Joe’s Case Case “Brief” - for those not writing the Case Case “Write-Up” - for those signed up

			FALL BREAK	
Strategy (Simmons)	17	10/25	Strategy through the Lens of Airbnb	Reading: Airbnb Case Case “Brief” - for those not writing the Case Case “Write-Up” - for those signed up
Entrepreneurial Finance (Davis)	18	10/27	Introduction to Entrepreneurial Finance. Introduction to Financial Statements	Read: Module 3, Chapter 4 up to the “financial analysis” section. Read: Case 4.1 Assignment: Answer the Case Questions on the case and turn in your answers (10 points)
Entrepreneurial Finance (Davis)	19	11/1	How do investors choose which enterprises in which to invest?	Guest Panel: Elaine Bolle, RTP Capital; Lister Delgado, Idea Fund Partners; Beth Briggs, Dress for Success; John Ujvari, SBDTC Read: Sources of Equity Financing, Module 2, Chapter 3
Entrepreneurial Finance (Davis)	20	11/3	An entrepreneurial journey	Guest Speaker: Troy Henikoff, TechStars Chicago and MATH Ventures Read: https://www.linkedin.com/in/troyhenikoff And http://www.techstars.com/content/accelerators/apocalypse-looks-like/ Watch the video about TechStars on http://www.techstars.com/

Entrepreneurial Finance (Davis)	22	11/8	Cash management: How do you use financial statements to understand your cash needs?	Read: Module 3: Chapter 5 Read: Case 5.2 Assignment: Answer the three Case Questions and turn in your answers (10 points)
Entrepreneurial Finance (Davis)	22	11/10	Cash planning: How do you plan for cash needs?	Read Module 4, Chapter 6 Read Case 6.2 Assignment: Answer the two Case Questions and turn in your answers (10 points)
Entrepreneurial Finance (Davis)	23	11/15	How do you create and use pro forma financials?	Read Module 4, Chapter 7. Quiz on Entrepreneurial Finance (30 minutes, 20 points)
Organization: Developing Company Culture (Merritt)	24	11/17	Why does developing team and company culture matter?	Read Case: <u>LinkedIn: Transformation Driven From Within</u> , by Sarah A Soule; Michael Golomb; Debra Schifrin
Organization: Building Teams (Merritt)	25	11/22	Hiring and firing and the value of building diverse teams	Read Case: <u>Simplex Solutions: Expanding the Entrepreneurial Team</u> , by Balagopal Vissa
			THANKSGIVING BREAK	
Organization: Legal Basics (Merritt)	26	11/29	What legal issues do you need to be aware of in a startup environment?	Guest Speaker: TBD

Negotiation (Merritt)	27	12/1	Effective negotiation skills for entrepreneurs	Guest Speaker: TBD
Review	28	12/6	Review and course wrap up; final exam overview and review; course evaluations	
		12/13	FINAL EXAM @ 8:00AM	

Weekly Blog

You will be required to submit a weekly Blog post. Each of you must select one company (from a pre-approved list) to follow for the entire semester. We will ask you to relate what you learned in class that week to what you discover about the company you are following. Blog posts will be due by Monday morning by 8:00am each week of class (no blogs due after Fall or Thanksgiving break) for a total of 13 submissions. We will provide a prompt question and you must succinctly address the prompt and relate it to your company. We are not expecting a three-page essay, but a few good sentences or short paragraph are sufficient, you might even link to a relevant article or post on social media related to the company and/or concept as part of your response. We are looking for your engagement in and understanding of the content and concepts you are learning in class as applied to another company. The posts will be graded as follows: 0 - did not submit/did not show meaningful effort to address the prompt; 2 - OK, but didn't make a connection to the class content and/or did not completely demonstrate your grasp of a concept from class; 3 - Clear and succinct, demonstrated understanding of class concepts and how they relate to your company.

Attendance and Grading

Attendance in class is required and we will take daily attendance via a roll sheet. You must sign your name each day. If we find that you have had someone else sign for you (or otherwise gamed the system) you will receive a grade of "F" for the

course and the matter will be sent to the Honor Court. The only excused absences are illness and personal or family emergency. If you are truly sick, please don't come to class, but please notify us as far in advance as possible and provide a doctor's note if you expect to be absent for more than one class. If you have a personal or family emergency please let us know as soon as possible so we can work with you to cover material you may have missed.

There will be a variety of assignments and graded deliverables in this course, ranging from individual assignments to group work to case write-ups and traditional quizzes and tests. At the end of each of the four core modules there will be a test or other assessment of your knowledge, understanding or ability to apply concepts learned in the module. This may take the form of a written case, a test or exam, or a group deliverable. There will be a comprehensive final exam that will tie together concepts from each module as well as other topics covered in class. We will inform you about the details of the final later in the semester.

Module Grade Weights		Other Grade Factors	
Ideation/Design Thinking	15%	Attendance	10%
Customer	15%	Required Blogs	10%
Strategy	15%	Final Exam	20%
Finance	15%		

Grade Scale

We will use the following grade distribution throughout the semester for all grading:

≥ 93	A	≥ 73	C
≥ 90	A-	≥ 70	C-
≥ 87	B+	≥ 67	D+
≥ 83	B	≥ 63	D
≥ 80	B-	≥ 60	D-
≥ 77	C+	< 60	F

We will not round grades up. For example, if your final calculated class grade is an 89.9 that is a B+ and will not be rounded up to 90/A-. We will seek to be as timely as possible throughout the semester on grades so you know where you are.

About cold calls...

Instructors may utilize “cold calls” in class. It is a common practice in many graduate and professional school classes. On any given day, you may be randomly called to answer a short question, or speak briefly on some aspect of a reading or assignment. In short, you are always responsible for the content of any readings and, of course, any assignments. You will not be “graded” *per se* on your cold call answer but your grade may suffer 1) if you are not there when called, or 2) have clearly not done the work to prepare for class. So, come to class and be prepared. That is what we expect.

Computers/Laptops in the classroom

Many of you may use your laptops to take notes or have assignments up during class time, which is perfectly acceptable. If you are surfing the web or checking your social media outlets and we become aware of it, you may be asked to leave class and will be counted as absent for the day, because if you are surfing the web you may as well not be there.

Similarly, when we have guest speakers, we ask that you close your laptops and focus on the guest. We will remind you at the beginning of any class with a guest speaker of this policy or if the speaker is OK with laptops up.

Team Assignments

Some of the work in this class is done in teams. You may be assigned to a team randomly by the instructor or asked to form a project group in class. Team assignments should be submitted by only one member of your team to Sakai or as directed by the instructor – direct email, Google form, etc. Each team member will share the same assignment grade. Needless to say, a team’s success is dependent on full and active participation of all team members. If you are having issues with a team member (absence, not contributing as expected, etc.) you need to first attempt to work it out in your group before approaching the instructors.

Honor Code:

It is expected that you will conduct yourself within the guidelines of the University honor system (<http://honor.unc.edu>). All academic work should be done with the high levels of honesty and integrity that this University demands. If you have any questions about your responsibility or your instructors' responsibility as faculty members under the Honor Code, please see the course instructors.

Seeking Help:

If you need individual assistance, it is your responsibility to meet with an instructor during office hours or to set up an appointment for another time. If you are serious about wanting to improve your performance in the course, the time to seek help is as soon as you are aware of the problem – whether the problem is difficulty with course material, a disability or an illness.

Diversity:

The University's policy on Prohibiting Harassment and Discrimination is outlined in the Undergraduate Bulletin <http://www.unc.edu/ugradbulletin/>. In summary, UNC is committed to providing an inclusive and welcoming environment for all members of our community and does not discriminate in offering access to its educational programs and activities on the basis of age, gender, race, color, national origin, religion, creed, disability, veteran's status, sexual orientation, gender identity, or gender expression or disabilities.

Special Accommodations:

If you require special accommodations to attend or participate in this course, please let the instructors know as soon as possible. If you need information about disabilities visit the Department of Disability Services website at <http://disabilityservices.unc.edu/> or call (919) 962-8300.