

# *University of Montana School of Business Administration*

## **MBA 694 – Entrepreneurship**

### **Instructor Information:**

Donald Gaumer  
Office: GBB 336  
Office Phone: 243-6456  
Email: don.gaumer@business.umt.edu  
Office Hours: M/W 5:00-6:00  
Meetings to occur either during scheduled office hours or by appointment arranged in class or via email.

### **Readings:**

Required (2 books)  
Bygrave and Zacharakis, The Portable MBA in Entrepreneurship, Third Edition

Bygrave, The Portable MBA in Entrepreneurship Case Studies

### Recommended

*Business Plans that Work (in UM Bookstore),  
the Wall Street Journal, Business 2.0*

### **ATTENDANCE**

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This is a graduate level course with a large percentage of your grade based on class contribution. Based on this, my expectations are quite simple: I expect students to attend class and contribute.

### **COURSE OVERVIEW**

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This course is designed to provide students with the knowledge, skills, and abilities necessary to plan, finance, develop and operate a new business venture. It concentrates on attributes of entrepreneurs, searching for viable opportunities, and gathering the resources necessary to convert a viable opportunity into a new business venture. Students learn how to evaluate entrepreneurs and their business plans. In addition, students work in teams to develop a business plan for a high potential new business venture that they have developed.

### **COURSE OBJECTIVES AND TEACHING METHODOLOGY**

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This course concentrates on: searching the environment for new venture opportunities; matching an individual's skill set with a new venture opportunity; evaluating the viability of a new venture; obtaining financial resources for a new venture; and starting up and operating a new venture.

This course uses a combination of lectures, case studies, guest speakers, class discussions, and experiential exercises in order to expose students to the challenges that entrepreneurs face in conceiving, planning, financing, and operating a new business venture. This experience provides students with a framework that can be applied to assessing their own business ideas in the future.

The main project for the semester is for **student teams of three to five students** to develop a business plan for their own new business venture. Each team member is required to generate ideas for **three different** new ventures. Each member then presents his or her ideas to the rest of the team members. From the ideas generated by individual team members each team is required to select one idea that it judges to be the most viable new venture. The team will then write a business

plan over the course of the semester. Business plans are to be no longer than **40 pages**, including text and supporting exhibits.

Although not all business plans generated by the class will result in an actual new business start-up, there are numerous examples of multi-million dollar ventures that were started in entrepreneurship courses (we'll read a few cases that will provide examples). The experience students gain through this project will be valuable for starting their own business in the future as well as for those who will work with entrepreneurs in the future as investors, bankers, lawyers, etc.

### **OTHER ENTREPRENEURSHIP OPPORTUNITIES**

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**Opportunity #1 - University of Montana's John Ruffatto Business Plan Competition:** The John Ruffatto Business Plan Competition was founded in 1990 and has become one of the premier entrepreneurial events in the state. Each May, the event attracts approximately 20 teams from college programs around the state to compete in the day long event. The top 4 teams present their plans to an audience of more than 225 business leaders, academicians, and students. The competition's distinguished judges and the audience submit their votes following the evening presentations and awards are given to all four teams that made the final cut. In the past three years, SOBA has been able to increase the total prize money from \$3,000 to \$27,000 as well as to raise the funds necessary to ensure that students traveling to Missoula for the event are provided with scholarships to cover their transportation and lodging. This year the prize money will total more than \$35,000.

More than 450 students from around the state have participated in the event since its inception and approximately 30 of the student business plans have been implemented. The most recent success stories are Big Sky Brewing Company (now one of the top 20 microbreweries in the country) and Kinetic Sports Interactive, an interactive media company that provides personalized training program supplemental software for companies such as Bowflex, Body by Jake, and several others.

**Opportunity #2 – Montana Academy of Distinguished Entrepreneurs' (MADE) Seminar Series:** Members of the MADE organization team up each year to teach this innovative seminar series that is comprised of four 1-credit weekend courses. Topics range from angel investors to entrepreneurial decision making to legal issues. The dates for the seminars are: December 4-6 (Business Plan Workshop), January 22-24 (Growing and Marketing Small Businesses), January 29-31 (Hi-Tech and Legal Issues for Entrepreneurs), and February 5-7 (Financing New Ventures). Mark your calendars and be sure not to miss this opportunity to learn from successful entrepreneurs. More information for the course will be posted soon.

### **EXPECTATIONS**

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My expectations for this graduate level course can be described in only one way: very high. Here are some of my specific expectations:

- Proficiency in all business disciplines (i.e., accounting, finance, marketing, organizational behavior, human resource management, etc.). If you feel weak in any specific area(s) you should be prepared to allocate extra time to redevelop your skills.

- Utilize the appropriate tools and methodologies in order to analyze the case studies assigned each week. This means that if the case study requires financial analysis, then your group should conduct a financial analysis.
- Apply the readings assigned each week and previous readings in your analyses. This means applying specific models, concepts, and theories from the readings to the case that we are discussing. You shouldn't be analyzing case studies without the tools you learn in this class.
- Plan on 75 percent of the time discussing cases consisting of comments, feedback, and arguments shared between you and your classmates. Be prepared to contribute.

### **READINGS, CASES, AND EXERCISES**

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*Readings:* Readings should be completed prior to coming to class. From time to time I will call on students to reflect on the assigned readings. Be prepared.

*Cases:* Cases will be analyzed by students before class sessions and discussed in terms of the entrepreneurial issues and strategic recommendations for the new business venture. If you have not read the case and done significant preparation, your class participation grade will be reflective of your lack of effort.

*Exercises:* Several exercises will be used throughout the semester in order to provide the opportunity for you to apply conceptual material to real business situations.

### **STUDENT EVALUATION**

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General comment: Grading in this course is competitive. You will be evaluated relative to the work that your classmates submit.

#### **GRADING FOR ENTREPRENEURSHIP:**

##### **COMPONENTS**

##### **PERCENTAGE OF FINAL GRADE**

*Individual:*

Class contribution	20%
Peer evaluation of your work	30%

*Group:*

Business Plan	35%
Business Plan Presentation	15%
TOTAL	100%

Note: An intricate instrument has been developed for assessing your class contribution and peer evaluation scores. Be sure to complete the form at the end of the semester. **You must complete the evaluation and submit it by the due date in order for your input to count.**

## **DESCRIPTION OF EVALUATION COMPONENTS**

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### **Class contribution**

#### *Individual*

As mentioned above, class contribution will play an integral role in how much learning takes place during the semester. Your contribution will be evaluated in terms of the value you add to class discussions. Both quality and quantity will be evaluated. This requires not only completing assigned readings but also coming to class with prepared questions and arguments regarding what the assigned reading has tried to convey. The most valuable contribution that students can make comes through integrating assigned readings with what you have learned from other courses with what you have experienced in the outside world. Comments or behaviors that detract from the learning environment will have a significant and negative impact on your grade.

You are required to complete the “Class Contribution” form (available on Blackboard). This form allows you to assess your own contribution as well as other team members. The areas of evaluation are: class attendance, contribution frequency, and contribution quality. These scores will be used in addition to the professor’s assessment to determine the grade you have earned for class contribution.

#### *Group*

For each case study your team should complete three or more of the following analytical models:

1. Models: Abel’s, E-O-R, 3 M’s, Porter’s Five Forces, Generic Competitive Advantage Building Blocks, financials, etc. Your team should decide which is appropriate.
2. Strategic alternatives and implementation plan

Your group is required to prepare detailed exhibits for each case study. I’d suggest that your team should prepare a minimum of three analytical models for each case in order to be competitive with other teams in the class. These analytical models should make a significant contribution to the discussion and demonstrate a high degree of analytical thought. You should be as detailed as possible. I suggest looking at the analytical models from past business plans that are posted on Blackboard. These exhibits are to be submitted via email to [don.gaumer@business.umt.edu](mailto:don.gaumer@business.umt.edu). Your submissions should be made in **PowerPoint** with the **file name in the following format**: last name case name.ppt. For example, if I submitted exhibits for the WinSales case study, it would be: Gaumer\_WinSales.ppt. This format allows me to access the files easier for use in class discussions.

**Your team is responsible for turning in a hard copy portfolio of these exhibits at the end of the semester.**

## **BUSINESS PLAN FINAL REPORT AND PRESENTATION**

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### **Extended Business Plan Executive Summary**

The main project for the first half of the Entrepreneurship Seminar is to complete an “Extended Business Plan Executive Summary”. The parameters of this paper are the following: 10 pages single-spaced of text in addition to all analytical models completed to date. Grading will be

competitive and based on your team's ability to show significant progress on the business plan that you'll be completing in last half of the semester.

### **Business Plan**

The final business plan that you turn in is likely to be lengthy, but should **be no more than 40 pages long including text and exhibits**. The text portion is to be no longer than 25 pages. You are to **submit one high quality copy, one regular copy for grading, and one electronic copy in pdf format for my records**. The document should contain all information necessary for an investor to evaluate the business and its potential. You are a group of entrepreneurs starting your own business. As such, I expect that the work will be done solely by your group and with occasional assistance from either me or from one of the Business School Faculty members.

Research for your business plan should extend beyond reliance on the Internet. There are numerous sources of market data available. When you do use data from an Internet source the source should be cited and should be a reliable, recognizable source of data. For example, using Fred's Market Data would not be considered reliable. In contrast, using government census data would be considered reliable.

### **Final Business Plan Presentations**

Your group will provide a presentation of your business plan to the class during one of the final class sessions. I will determine the length of these presentations. The presentations are expected to be formal, as if you were presenting the business to a group of potential investors. As such, all students (including those not scheduled to present) are expected to dress in **formal business attire**.

**Your entire group is expected to attend all presentations. No exceptions. Failure to attend will significantly affect your course grade.**

NOTE: Your group should bring back up transparency slides for the presentation in case equipment does not work. Regardless of equipment failure your group will be required to present on its scheduled day and time.

### **EXPECTATIONS FOR WRITTEN ASSIGNMENTS**

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Your success in the business world will depend, to a large extent, on your ability to communicate. Courses during your first few years at the Business School provided the opportunity to hone your written and oral communication skills. This course will provide you with the opportunity to develop further both of these skills. You will be required to make a formal presentation to your classmates and possibly some external judges at the end of the semester and try to convince them of the strength of your business plan. You will also be required to submit several written business reports, including a comprehensive business plan. The purpose of this section is to help you with your written assignments by providing a number of helpful suggestions as well as outlining my expectations.

**Substance:** You should substantiate what you are trying to convey with facts and data. In most cases, you will be asking the reader of your business report to commit substantial resources-- financial, human, or physical--to a project. The decision-maker will not make the decision because

you think is a good concept. Rather, you will need to convince the reader by providing hard facts and data with appropriate citations. Your rationale and reasoning should be explained logically and clearly. Effective business reports are not documents put together at the last minute—they take time to develop.

**Style:** The style of your business reports should be clear, concise, and to the point. The executive reading the report does not want to be entertained. He or she wants the information necessary to make a decision. Avoid flowery language with lots of adjectives and adverbs. Don't use the term "big nail" if the word "spike" more accurately conveys the idea. I have high expectations. If you want to excel in the business world you should too.

**Outline:** Most word processing software includes an outlining function. Use it. Begin your business reports by developing an outline to organize your thoughts and the concepts you are trying to convey. The more comprehensive and detailed your outline, the easier it will be to write the report.

**Proofread:** Carefully proofread each draft of the report. You will probably need three or four drafts before you are satisfied with the report.

**Exhibits/Appendices:** I do not expect to receive exhibits or appendices with your handwriting on them. Instead, you should have typed exhibit numbers. This includes copying exhibits from other sources. Unless you are using a photograph that cannot be reproduced in PowerPoint, I expect you to make models, charts, and spreadsheets on your own. This takes time but it is all part of being professional.

**Due dates:** Reports are due on the dates assigned and at the start of our business meetings. Late reports will have the grade lowered by one full grade. Late case study analyses will not be accepted and will receive a grade of zero.

**Grading:** Written work will be graded as if I were an executive trying to make a business decision based upon the written report. **Grading will be competitive. That is, your work will be graded relative to those turned in by your classmates.** Proper spelling, syntax, grammar, punctuation, bibliography, citations, footnotes, and professional appearance are expected. Your grade may be lowered as much as two full letter grades if these areas are lacking.

**Reviewing papers:** My policy is not to review student papers before they are turned in for grading. I am, however, willing to discuss the logical reasoning and proposed content of your reports. Before visiting my office you should have made significant progress and should be well prepared.

**Plagiarism:** Don't do it. I have no mercy. Plagiarism includes taking exhibits from books without giving credit and taking any exhibit from another group.

## **SELECTING YOUR TEAM MEMBERS**

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Forming a strong team is central to successful entrepreneurial ventures. Forming such a team for this class is also very important. Selecting individuals with whom you will work during the semester

is a key part in this class. **Your decision should not be made lightly.** Although getting along with the other members of your team is important, for the assignments are required to do in this class it is much more important that you select team members with a wide range of skills and abilities. This means that you should come to class on the scheduled day prepared with questions that you will ask other students regarding their industry experience, relevant course work, work styles, and motivations for taking advantage of the learning opportunities provided in this course. I will provide ample time during this class for you to assess who will be a member of your team. I will also set the group size and require that all groups comply. This might mean that some smaller groups may be divided up in order to fill out other groups. Each team, once established, will turn in a sheet of paper listing the members of and a name for your team.

### **TERMINATION OF ONE OR MORE TEAM MEMBERS' CONTRACTS**

Due to the nature of the group work required in this class, there is the option that individual contracts with a particular group may be terminated at any time up to the last week of the semester. To terminate a contract, ALL other team members must agree with the termination and submit a signed statement describing why the contract has been terminated to me and to the individual being dismissed. Individuals who are dismissed from their group have two choices: 1) complete a business plan and any other group work on their own, or 2) negotiate entrance into another group in the class.

Termination letters should first be presented to me and should be in business language and style.

### **PEER EVALUATION OF TEAM MEMBERS**

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The Peer Evaluation Form is provided on Blackboard. **I strongly suggest that you check these forms out early in the semester so that you fully understand the criterion on which you will be evaluated.**

In addition, this form asks that you evaluate your own contribution to the class and the contribution that your team members made to the class as well. I will use these grades along with my own to evaluate the class contribution of each student.

**MBA 694 Entrepreneurship – Tentative Course Schedule Fall 2009**

**Note: Night students meet Tue. From 6:10-9:00pm**

**WEEK 1 (OCTOBER 6TH)**

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**Topics:**

Course overview

Abell's Framework for defining the business

Analyzing the external environment – Porter's Five Industry Forces and Macro-environmental forces

Entrepreneurial Process

**Readings:**

Bygrave: 1

**Video/Activity/Speaker:**

Form teams for case analyses and business plan assignments. Students should come to class with a list of questions that they will ask prospective team members.

**Assignments:**

Be prepared to share 2 or 3 business ideas with the class to facilitate team selection. Students will have approximately 30 seconds to 1 minute to describe their ideas.

**WEEK 2 (OCTOBER 13TH)**

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**Topics:**

Opportunity Recognition

Analyzing the internal environment

**Readings:**

Bygrave: 2

**Case(s):**

Scott Tomkins

**Video/Activity/Speaker:**

Evaluating core skills exercise; generating business ideas exercise

Frog's Leap video?

**Assignments:**

Prepare exhibits for Scott Tomkins and email to me. Also, please turn in one-page description of your team's business plan idea. Teams should complete the Venture Opportunity Profile Exercise in the course packet (do not submit).

**WEEK 3 (OCTOBER 20TH)**

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Topics:

Entrepreneurial Marketing  
Selecting an entry strategy  
Writing a business plan

Readings:

Bygrave: 3

Case(s):

ClearVue

Video/Activity/Speaker:

Marketing and sales video  
Venture Opportunity Profile exercise

Assignments:

Prepare exhibits for ClearVue and email to me.

**WEEK 4 (OCTOBER 27TH)**

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Topics:

Writing a successful business plan  
The Entrepreneurial Manager  
The New Venture Team  
Presenting your business plan

Readings:

Bygrave: 4

Case(s):

Video/Activity/Speaker:

Assignments:

Extended Executive Summary due at the beginning of class:

1. Students are to submit a hard copy of business plan, models, and other exhibits
2. Students also required to submit a scanned PDF copy of all of the above in one file.

**WEEK 5 (NOVEMBER 3RD)**

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Topics:

Selling your idea

Presentations will be done with all teams presenting. I will set the schedule in class.

Readings:

The Art of the Pitch – article available on Blackboard

Case(s):

None

Video/Activity/Speaker:

Assignments:

Prepare your business plan presentation and present in class.

**WEEK 6 (NOVEMBER 10TH)**

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Topics:

Resource requirements

Entrepreneurial finance

Financial projections

Readings:

Bygrave: 5

Case(s):

Jack Sprat's Restaurant

Video/Activity/Speaker:

Assignments:

Email case exhibits for discussion

**WEEK 7 (NOVEMBER 17TH)**

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Topics:

Obtaining venture and growth capital

The deal: Valuation, structure, and negotiation

Obtaining debt capital

Debt and other forms of financing

Readings:

Bygrave: 6, 7

Case(s):

Beautiful Legs by Post

Video/Activity/Speaker:

Finding financing video

Assignments:

Email exhibits from case analysis to. Complete the “Finding Financing” and “Debt and other forms of financing” exercises in the course packet.

**WEEK 8 (NOVEMBER 24TH)**

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Topics:

Franchising as a form of entrepreneurship

Managing a Growing Business

Readings:

Bygrave: 11, 13

Case(s):

Bagelz

Video/Activity/Speaker:

Financing Growth Video

Assignments:

Teams should go on the Internet and identify two franchise companies. One company will be a company that your team feels would be a good investment, the other company will be a company that your teams would not be a good investment. You should be prepared to discuss your team’s reasoning.

**WEEK 9 (DECEMBER 1ST)**

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Topics:

The Harvest and Beyond

Legal and Tax Issues

Evaluating business plans

Presenting business plans

Readings:

Bygrave: 9, 10, 14

Case(s):

Video case

Video/Activity/Speaker:  
Sign of the Whale video case study

Assignments:

Night students will exchange their business plans with partner teams on Tuesday December 3rd. The plan is to be critiqued by your team and all comments submitted back to your partner team by no later than noon on December 7th. Your comments should be exchanged via email. **A type-written copy of your critique is to be submitted via email** to me and the partner team and will be used as part of your team's class contribution grade. Also, complete the Legal and Tax Issues exercise in your course packet.

**WEEK 10 (DECEMBER 8TH)**

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Turn in the final copy of your team's business plan. Must submit a hard copy and an electronic PDF copy.

Presentations of business plans. Parameters of the presentations will be discussed during week 9 of the course.

## Course Progress Timeline

	<b>Week 1</b>	<b>Week 2</b>	<b>Week 3</b>	<b>Week 4</b>	<b>Week 5</b>
<b>Reading</b>	Chapter 1	Chapter 2	Chapter 3	Chapter 4	None
<b>Cases</b>	None	Scott Tompkins	ClearVue	None	None
<b>Case assignment</b>	Develop business ideas	Analytical slides for case	Analytical slides for cases		Put presentation together
<b>Business Plan Assignment</b>	<ul style="list-style-type: none"> <li>Present business ideas to class</li> </ul>	<ul style="list-style-type: none"> <li>Submit 1 page summary of business idea</li> </ul>		<ul style="list-style-type: none"> <li>Turn in Extended Executive Summary in hard copy and electronic formats</li> </ul>	<ul style="list-style-type: none"> <li>Deliver presentation</li> </ul>
<b>Weekend Business Plan work to keep you on schedule</b>	<ul style="list-style-type: none"> <li>Select business idea</li> <li>Narrow ideas to the top 1 (or 2)</li> <li>Develop "Defining the Business Model"</li> </ul>	<ul style="list-style-type: none"> <li>Complete 3M's, Porter's 5 Forces, and Value Chain analyses</li> <li>Write "Management Team", "Business", "Business Opportunity", "Competitors", and "Competitive Advantages/Core Competencies" sections of Extended Executive Summaries</li> </ul>	<ul style="list-style-type: none"> <li>Write other sections of Extended Executive Summary</li> <li>Finish completing analytical models</li> <li>Research financial aspects of plan</li> <li>Develop "rough" financials"</li> </ul>	<ul style="list-style-type: none"> <li>Business Plan workshop</li> <li>Process what you have learned from the workshop</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

	<b>Week 6</b>	<b>Week 7</b>	<b>Week 8</b>	<b>Week 9</b>	<b>Week 10</b>
<b>Reading</b>	Chapter 5	Chapter 6 & 7	Chapter 11 & 13	Chapter 9, 10 & 14	None
<b>Cases</b>	Jack Sprat's Restaurant	Beautiful Legs by Post	Bagelz	Video Case	None
<b>Case assignment</b>	Analytical slides for case	Analytical slides for case and complete "Finding Financing" and "Debt and other forms of Financing" exercises in the course packet.	Teams to go on internet and identify two franchise companies, one good investment and one not acceptable. Your team will present reasoning in class.	"Legal and Tax issues" exercise in course packet	Turn in final copy of business plan. Submit hard copy and electronic PDF copy.
<b>Business Plan Assignment</b>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	Exchange plans with partner team.	Business Plan Presentations
<b>Weekend Business Plan work to keep you on schedule</b>	Refine financial component of business plan	<ul style="list-style-type: none"> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> </ul>	Final changes and preparation for presentation	None