MANAGING THE EMERGING ENTERPRISE

ENTP 6378.501 FALL 2015

Class Meeting: Mondays 7:00 – 9:45 PM, SOM 2.802 **Final Exam:** Final Exam case due on 5:00 PM December 15th **Office Hours:** Mon/Wed 3:00 – 3:45 PM or by appointment	**Dr. Joseph C. Picken** SOM 4.212 **Email**: jpicken@utdallas.edu **Phone:** (972) 883-4986

COURSE OBJECTIVES:

Management guru Peter Drucker once observed that: “Unless a new venture develops into a business and makes sure of being ‘managed’, it will not survive no matter how brilliant the entrepreneurial idea, no matter how much money it attracts, no matter how good its products, nor even how great the demand for them.”

Entrepreneurship involves a lot more than finding a new opportunity or coming up with a great idea. Not all entrepreneurs succeed – and few ever walk away rich. Thousands of new opportunities and great ideas are presented to investors every year – but less than 5% of these get a serious look, less than 1% receive professional investment, and of those that are funded, only 15-20% ever generate any serious returns.

On the other hand, there are a lot of small businesses out there – in 2008, only 12% of 29 million US businesses reported more than $2.5 million in revenues; more than 95% were sole proprietorships, and more than 98% employed fewer than 20 people. Of the 5.9 million firms with employees, only 0.4% had more than 500 employees. Obviously, there is a lot more to entrepreneurship than just *starting* a company.

This course is about how to *build* an entrepreneurial company – the challenges and hurdles that must be overcome in order to make the transition from an entrepreneurial startup to an organization capable of sustained and profitable growth…on the way to $50 or $500 million…within a few years. The challenges for the entrepreneur are both *organizational* (defining strategy, products and marketing, building a management team, acquiring resources, building infrastructures, etc.) and *personal* (acknowledging personal strengths and limitations and defining an appropriate leadership role). The selection of cases is biased toward technology-based product companies, but the principles are applicable to non-technology-based and service companies as well.

This is not a subject that can easily be captured in a textbook – which may explain why there are none available. Rather, we will rely on readings, case studies, and guest lectures from current or former CEOs of entrepreneurial companies. Both group and individual assignments will be required, with individual assignments and class participation comprising 35% of the final grade, and group assignments accounting for the remainder.

LEARNING OBJECTIVES

Upon successful completion of this course, students will:

- Understand the challenges and hurdles that must be overcome in building an entrepreneurial company – making the transition from an entrepreneurial startup to an organization capable of sustained and profitable growth.
- Understand a set of concepts and theoretical frameworks that can be used to better understand and interpret the processes and challenges encountered in a new and emerging organization.
- Demonstrate the ability to apply the concepts, tools and frameworks presented in the readings and lectures to the analysis, interpretation and prioritization of organizational issues presented in case studies.
- Demonstrate the ability to develop and communicate appropriate recommendations for action with respect to organizational problems presented in case studies.

REQUIRED COURSE MATERIALS:

- G. Kawasaki. 2004. *The Art of the Start*. Portfolio – the Penguin Group. NY. ISBN 1-59184-056-2 ($26.95)
- J. Cornwall. 2010. *Bootstrapping*. Prentice Hall. NJ. ISBN 0-13-604425-5 ($51.00)
- **Electronic Readings**: Download eJournals (Harvard Business School and other articles) as required. The eJournals are available for download at no charge on the UTD McDermott Library website http://www.utdallas.edu/library/ collections/ journals.htm. Teaching notes and other readings are posted on eLearning/Course Materials (see ASSIGNMENTS below**).**
- **Course Pack**: Cases and selected readings are available directly from Harvard Business School Publishing @$3.95 per copy: https://cb.hbsp.harvard.edu/cbmp/access/38334788

- **SELF INTRODUCTION**

Each student should post a Self-Introduction in the Discussion area of eLearning (Self Introduction on the eLearning menu) prior to the first class. Guidelines are provided on the eLearning Self Introduction page. This information will be used to set up my gradebook and assist in the formation of groups for the course.

FORMATION OF GROUPS

Much of the work in this course will be performed in groups. Students should form small groups (3 members) during the first two weeks of the course. It is important that you select your groups to include a diverse set of skills and make sure that at least one member is proficient in accounting and spreadsheet analysis. A list of the members of each group (with name, email and telephone contact information) should be turned into the instructor by email or at the beginning of class on August 31st.

LECTURE NOTES

The MS Powerpoint slides used in lectures and case discussions and other course-related materials will be posted on eLearning (https://elearning.utdallas.edu/webct/) under course ID ENTP 6378. You should be able to access eLearning with your UTD NetID and password. Call computer services at (972) 883-2911 if you need assistance.

COURSE REQUIREMENTS & GRADING:

The list of assigned readings and cases is attached. Discussion questions are provided for each of the cases. Supplemental materials may be provided or posted electronically. Advance preparation and enthusiastic participation in class discussions is an important part of the learning experience in this course and will be evaluated.

The course has been designed to allow flexible management of your time. There will be no quizzes or exams. Your grade will be based on group and individual written assignments and your contributions to class discussions. These assignments, due dates, page length guidelines, and relative weights in determining final grades are summarized below. All assignments are to be submitted to the eLearning dropbox prior to 5:00 PM on the date assigned:

	Case	Due Date	Type	Length Guidelines	Weight
WA-1	RightNow Technologies	Sept 14, 2015	Individual - Outline Form	8-10 pages	10%
WA-2	Active Coatings (A)	Sept 28, 2015	Group - Outline Form	8-10 pages	12.5%
WA-3	Keeping Google “Googley”	Oct 12, 2015	Group - Outline Form	8-10 pages	12.5%
WA-4	New Balance Athletic Shoes	Oct 26, 2015	Group - Outline Form	8-10 pages	12.5%
WA-5	Meg Whitman at eBay, Inc.	Nov 30, 2015	Group -Outline Form	8-10 pages	12.5%
WA-6	Wild Card Presentation	As assigned	Group Paper/Presentation	8-10 pages	15%
WA-7	Peer Evaluation	Dec 7, 2015	Individual	1 page	0%
WA-8	Intuit’s New CEO: Steve Bennett	Dec 14, 2015	Individual - Outline Form	10-12 pages	15%
	Class Participation		Individual		10%
				Overall Course Grade	**100%**

Wild Card Assignment. Each team will be responsible for one wild card assignment, worth 15% of your grade:

- ***Written Assignment.*** Prepare an outline form paper in response to each of the assigned case questions. See GUIDELINES FOR WRITTEN ASSIGNMENTS.
- ***Presentation and Class Discussion.*** The team will be responsible for leading the class discussion of the assigned case. Prepare a deck of powerpoint slides to frame the class discussion. Your first slide should introduce the case and identify the key issues to be addressed (a detailed summary of the case is neither necessary nor appropriate – you should assume that everyone in the class is familiar with the case). The remainder of the presentation should proceed to address each of the case questions in turn (two or three slides posing questions to stimulate discussion of the case question, along with one slide to present your team’s analysis and response to the case question). Feel free to call on your classmates to answer specific questions about the cases or readings. Be alert to different points of view and use these as a point of departure for further discussion. Your performance will be evaluated based on your ability to engage the class and stimulate meaningful discussion about the case or the readings. You will have 45-60 minutes for this portion of the assignment.
- ***Deliverables***. Submit both your written response and the powerpoint slide deck to the instructor prior to 5:00 PM on the day of the scheduled class.

Peer Evaluation. A peer evaluation process will be utilized to adjust individual grades on all group assignments.. Complete the peer evaluation form (located in the Course Materials folder on eLearning), put your name at the bottom of the form and submit to the eLearning dropbox by 5:00 PM on December 7th.

Class Participation. Ten percent (10%) of your grade will be based on the quality of your preparation and active participation in case discussions, which will be evaluated during each class session. Participation during Wild Card Presentations will carry three times the weight of other classes. From time to time, it may be necessary to miss a class due to illness or personal business. Please let me know in advance. Keep in mind that written assignments must be emailed by the due date, regardless. If attendance or participation become an issue, your grade will be impacted.

GUIDELINES FOR WRITTEN ASSIGNMENTS

Due Dates. Written assignments will be due prior to the beginning of class on the date assigned (submit to the designated eLearning dropbox). Late papers submitted at or before the next class session following the due date will be graded, but 10 points will be deducted from the grade. Late papers submitted at or before the second class session following the due date will be graded, but 15 points will be deducted from the grade. Late papers not received by the beginning of the second class session following the due date will receive a zero. Consideration may be given for extenuating circumstances with prior notification.

Format. Your name (or the group identification and names of all group members) the course number and the date should appear in a header at the beginning of each page of the document. The body of each written assignment should comply with the page length guidelines specified for the assignment. The use of charts and exhibits is encouraged, to the extent that they help you make your points. Charts and exhibits should be numbered and appropriately referenced in the document. A list of references should be attached as required. Cover pages, charts or exhibits, and lists of references are not included in the page count. The manuscript should use 11-12 point type, double-spaced, with 1" margins all around. Appropriate titles and section headings should be used. Number the pages and staple in the upper left corner. Binders and report covers are neither necessary or desired.

Presentation Format. Use MS Powerpoint. Keep it simple (no videos, sound effects, etc.) Limit animation to that required for an effective presentation. Provide electronic copy to instructor no later than 5:00 PM on due date. Attach a hard copy of your slides to your paper (six slides per page is fine).

Outline Form Response. The assignments specify an outline form response. I will expect a statement of the question followed by a bulleted or numbered list of the key items in your response. A format example is posted in the Course Materials folder on eLearning.

Electronic Submissions. When you submit assignments to the respective eLearning Assignment dropbox, the file name should identify the course, assignment number and your name or group ID. For example, "ENTP 6378_2_JSmith.doc" would identify John Smith's written assignment 2; "ENTP 6378_3_Group B.doc" would identify Group B's written assignment 3.

Effective written and oral communications are critically important in the business world. It is equally important that students "put their best foot forward" in classroom presentations and written assignments. Poor organization, convoluted sentence structures, mangled grammar and misspelled words have no place in effective communications, and will be considered in the evaluation of your work and ideas.

CASE ANALYSIS GUIDELINES

Written assignments and exams will often require the analysis of case situations. In addition, preparation for class discussions will frequently require the analysis of a case situation. Case analysis assignments are designed to evaluate and develop your skills in:

- <u>identifying</u> key organizational issues (decisions or actions required in a given situation).
- <u>analyzing</u> the situation (identifying problems; understanding the underlying causal factors; and identifying and evaluating options)
- <u>recommending</u> specific actions (what should be done, by whom, when and in what sequence) to address the key issues.

Specific questions have been provided to focus your analysis of each case. In general, there are no "right" or "wrong" answers for a specific case – different approaches and insights are possible, depending on your individual perspective and approach. Regardless of your approach and conclusions, I expect you to make recommendations that: (1) address the identified issues; (2) follow logically from your analysis and conclusions; and (3) make sense (are feasible) in the context of the case situation.

<u>UNIVERSITY POLICIES</u>

Technical Support. If you experience any problems with your UTD account you may send an email to: assist@utdallas.edu or call the UTD Computer Helpdesk at 972-883-2911.

Off-campus Instruction and Course Activities. Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm. Additional information is available from the office of the school dean. Below is a description of any travel and/or risk-related activity associated with this course: none.

Student Conduct & Discipline. The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD printed publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Series 50000, Board of Regents, The University of Texas System,* and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391) and online at http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-HOPV.html

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

***Academic Integrity*.** The faculty and administration of the School of Management expect from our students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work. We want to establish a reputation for the honorable behavior of our graduates, which extends throughout their careers. Both your individual reputation and the school's reputation matter to your success.

The Judicial Affairs website lists examples of academic dishonesty at http://www.utdallas.edu/judicialaffairs/UTDJudicialAffairs-Basicexamples.html. Students in this course suspected of academic dishonesty are subject to disciplinary proceedings, and if found responsible, the following minimum sanctions will be applied:

- Individual Written Assignments – Zero for the assignment
- Group Written Assignments and Presentations – Zero for the assignment for all group members

These sanctions will be administered only after a student has been found officially responsible for academic dishonesty, either through waiving their right for a disciplinary hearing, or being declared responsible after a hearing administered by Judicial Affairs and the Dean of Student's Office. In the event that the student receives a failing grade for the course for academic dishonesty, the student is not allowed to withdraw as a way of preventing the grade from being entered on their record. Where a student receives an F in a course and chooses to take the course over to improve their grade, the original grade of F remains on their transcript, but does not count towards calculation of their GPA.

The School of Management also reserves the right to review a student's disciplinary record, on file with the Dean of Students, as one of the criteria for determining a student's eligibility for a scholarship.

***Copyright Notice*.** The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials, including music and software. Copying, displaying, reproducing, or distributing copyrighted works may infringe the copyright owner's rights and such infringement is subject to appropriate disciplinary action as well as criminal penalties provided by federal law. Usage of such material is only appropriate when that usage constitutes "fair use" under the Copyright Act. As a UT Dallas student, you are required to follow the institution's copyright policy (Policy Memorandum 84-I.3-46). For more information about the fair use exemption, see http://www.utsystem.edu/ogc/intellectualproperty/copypol2.htm

Email Use. The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's UT Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individuals corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at UT Dallas provides a method for students to have their UT Dallas mail forwarded to other accounts.

Withdrawal from Class. The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures. Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy to the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the deal will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy. As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

Disability Services. The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:

The University of Texas at Dallas, SU 22
PO Box 830688
Richardson, Texas 75083-0688
(972) 883-2098 (voice or TTY)
disabilityservice@utdallas.edu

If you anticipate issues related to the format or requirements of this course, please meet with the Coordinator of Disability Services. The Coordinator is available to discuss ways to ensure your full participation in the course. If you determine that formal, disability-related accommodations are necessary, it is very important that you be registered with Disability Services to notify them of your eligibility for reasonable accommodations. Disability Services can then plan how best to coordinate your accommodations.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days. The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

DISCUSSION QUESTIONS FOR CASE ANALYSIS

The following discussion questions are provided to help you complete a structured analysis focusing on the key issues in each case. It is important, in written assignments, to address each of these points.

S03 - RightNow Technologies HBS 9-805-032

1. Evaluate the startup of RightNow Technologies in light of: (a) Kawasaki's "top five things an entrepreneur must accomplish"; (b) the concepts of the "Lean Startup" as outlined in the articles by Blank (hypothesis testing, experimentation, customer feedback, iterative design and agile development), Eisenmann *et al* (managing uncertainty: minimum viable products, staging, and transferring risk to partners); and Sull (disciplined entrepreneurship). Looking back from the perspective of December 2003, how closely did Gianforte's approach to the startup conform to these concepts and guidelines? Where did it differ? What were the implications?
2. Consider RightNow Technologies' growth trajectory in the light of the models of organizational growth and evolution: (a) did RightNow's growth pattern conform more closely to that of a rocket ship, a gazelle or a turtle? How successful were Gianforte and his team in clearing each of the eight hurdles of the period of transition? Evaluate the company's current state with respect to each of the eight hurdles.
3. Consider the startup of RightNow Technologies in light of Seelig's *Innovation Engine* model (video and lecture slides from S01). How was the choice of the domain and the initial product offering influenced by Gianforte's personal knowledge, imagination and attitude? How was the direction and pace of the innovation influenced by the habitat, resources and culture of the company he created? How did these factors interact over the period of 1997 – 2003? What conclusions can you draw?
4. The case points out that Gianforte was a proselytizer for bootstrapping. Analysis of the financial statements (Exhibit 2) suggests that during the period of rapid growth in 2000-2001, the company's operating expenses ballooned out of control, triggering a retrenchment and reevaluation of strategy. Based on the information in the case, to what extent did RightNow Technologies conform to the guidelines and recommendations provided by Kawasaki (Ch 5) and Cornwall (Ch 2-3)?
5. What do you think Gianforte recommended to his board at the end of the case? Why? (Consider the estimated market valuations of the options outlined at the end of the case using the data presented in Exhibits 2 - 6).

S04 - Surface Logix HBS 9-802-050

1. Evaluate the early startup of Surface Logix in the context of (a) the first hurdle in the Eight Hurdles framework and (b) Kawasaki's ideas (Ch 2-3) about positioning and pitching. Do they have a clear strategic direction? What issues remain to be resolved? Do they have a clear and credible positioning in the marketplace? What would you recommend?
2. Identify and describe the key elements of SLI's business model(s) utilizing the framework provided by Johnson in *Reinventing your Business Model* (see P. 54). Is this the best business model for their business? What changes would you suggest?

3. Develop a milestone plan (Kawasaki's *MAT* and *Milestones for Successful Venture Planning*) for SLI from its founding in April 1999 through "proof of concept" in the form of production scale-up and commercialization (see also the *Teaching Note: Identification and Validation of Assumptions*). Identify the most important events, sequential dependencies, significant assumptions and appropriate tests of key assumptions. What are the elements of the critical path?
4. At the end of the case, Roberts is facing a major strategic choice and has asked for your assistance. How should he make the decision? What criteria should he use? Do Sull's ideas (*Disciplined Entrepreneurship*) suggest a useful approach? If you were in his position, what would you do? Why? What are the long term strategic implications of your choice?

S05 - Active Coatings, Inc. (A) HBS 9-796-061

1. Evaluate ACI's identified venture opportunities using the evaluation criteria (viability and attractiveness) from Bhide's *How Entrepreneurs Craft Strategies That Work.* What additional insights might be developed utilizing the approach and guidelines recommended in *Mapping Your Innovation Strategy*? How do these approaches compare with the market evaluation criteria ACI's consultant used? Did you reach a similar or a different conclusion about the relative attractiveness of the opportunities?
2. Who is ACI's customer? What do they value? Use the criteria summarized in Figure 1 and the data presented in Exhibits 2 and 3 of the case to develop a list of the factors most important to the customer in evaluating the alternatives under consideration. Use these factors to develop a *weighted criterion decision matrix* (see *Teaching Note* for an example) to evaluate the venture opportunities. Explain your choice of criteria and weighting.
3. ACI chose burn wound dressings as the lead application? Did you come to the same conclusion based on your responses to the first two questions? Why or why not? If burn wound dressings were taken off the table, which of the potential applications would be your second choice? Explain your choice in terms of the weighted criterion decision matrix developed above.
4. The founders of ACI face a difficult choice at the end of the case. Evaluate the pros and cons of each of the identified strategic options? Are there other strategic options available? Are the factors outlined in Royer's article at work here? Should the project be killed (see Royer)? What would you recommend?

S06 - Hydrocision, Inc. HBS 9-699-176

1. Hydrocision has identified four potential market opportunities (arthroscopic surgery, BPH – prostate therapy, debridement and gynecology). Use a *weighted criterion decision matrix* to evaluate each of these opportunities in terms of market potential, competition, sources of competitive advantage, cost and time to market, and any other criteria you consider appropriate. Explain your choice of criteria and weighting. Rank the opportunities in terms of relative attractiveness for Hydrocision and list the pros and cons for each.
2. Does Hydrocision have the ability to develop the "whole product" for arthroscopic surgery applications (see excerpt from *Inside the Tornado*)? What additional elements must be provided to deliver the whole product?
3. What is the Customer Value Proposition (CVP) offered by Hydrocision in the debridement (wound cleaning) application? Who is the customer? What is the "job to be done"? What is the offering? How does it solve the customer's problem? Use the Buyer Utility Map (see Teaching Note) to identify the key benefits offered by Hydrocision. How can Hydrocision establish a distinctive positioning relative to the competing offerings? How could this be expressed as a Customer Value Proposition?
4. Evaluate the distribution options discussed in the case. What are the pros and cons of each (consider the ability of the partner to help Hydrocision to deliver the "whole product" and the elements of a "comprehensive new-product strategy" as outlined by Leslie and Holloway)? Which alternatives most effectively support and reinforce the CVP offered by Hydrocision? What would you recommend? Why is it important for Hydrocision to choose the right strategic partner?

S07 - Keeping Google "Googley" HBS 9-409-039

1. Analyze and diagram Google's business model (Johnson et al), detailing the relationships among the end users, web portals utilizing the Google search engine(s), advertisers, online publishers, AdWords/AdSense, and the communication and collaboration applications offered by Google. Identify and detail the customer value proposition, profit formula, key resources and processes. Based on your analysis, define the critical success factors for Google's continued growth and profitability. How would these translate into objectives for the organizational design?
2. Evaluate Google's management and organizational structure with respect to their ability to continue to innovate and lead the market for online advertising services. What are the strengths and limitations of the current structure and processes (*Do You Have a Well-Designed Organization*?) Are they effectively positioned for continued growth and innovation?
3. Evaluate Google's recruiting, hiring, compensation and recognition practices in light of: (a) their desire to maintain a culture of creativity and innovation, and (b) the guidelines provided by Kawasaki (Ch.6) and Cornwall (Ch.4). In what ways does Google behave more like a startup than a mature company? How are they more like a large and relatively mature organization? What challenges do you anticipate as the organization continues to grow?
4. Evaluate the decision-making process at Google, as described in the case. Is it realistic for the company to continue to support a consensus-oriented decision-making process, or are some compromises necessary as the company grows?
5. What broad recommendations would you make for the future development of the organization in light of the guidelines of Kawasaki and Goold & Campbell?

S08 - DigitalThink: Building a Sales Force HBS 9-898-193

1. Who is DigitalThink's customer (who selects, recommends, influences, and approves the purchase of services)? Who controls the resources? What kind of relationship with the customer is required to support the sale? What provisions have they made to monitor and act upon customer feedback?
2. What is the most appropriate value discipline (*Customer Intimacy and Other Value Disciplines*) around which DigitalThink should build its sales strategy? Why? What are the pros and cons of the alternatives? What obstacles will they encounter in achieving parity in the other disciplines?

3. Describe the sales cycle. What are the key milestones? What kinds of support will be required? What kind of information will be required to manage the process? Consider the guidelines provided in *Staple Yourself to a Sales Order.* What should the infrastructure process look like (develop a flow chart)?
4. What kind of sales organization will be required? Why direct sales? Why not independent reps or distribution? Analyze these issues based on *Matching Your Sales Force Structure*,,, . How would you structure an incentive compensation program (targeted compensation, base/incentive split, timing, etc.)? Address the issues detailed on pages 13-14 of the case.

S09 - New Balance Athletic Shoes HBS 9-680-110

1. How important is continued product innovation to New Balance's ability to compete in its marketplace? What timing and seasonal factors come into play? Who are the New Balance's key suppliers and partners in the innovation ecosystem? What role do competitors play? Discuss the interdependencies and associated risks inherent in this marketplace.
2. Is the logistics challenge faced by New Balance a simple question of manufacturing capacity, or must it consider its entire supply chain including the geographic distribution of its customers, transportation costs and inventory-in-transit? Consider Fisher's framework and Cornwall's ideas, the demand forecast presented in Exhibit 5, and the cost data presented in the case and exhibits to compare and analyze the relative economic attractiveness of the three expansion alternatives considered in the case (prepare and submit a spreadsheet electronically). Based on your analysis, which alternative appears to be the most attractive? Why?
3. Evaluate the tradeoff between the risk of carrying excess capacity vs. the risk of lost sales (assume a plus or minus 20% volume swing from the baseline forecast and consider the incremental profit lost if demand could not be satisfied). How large would the economic impact be?
4. There are a number of non-economic, non-supply chain considerations that should be addressed as well, including the reliability of market forecasts. What are the key uncertainties to be considered? How should they be factored into the analysis? Would consideration of these factors change your assessment of the alternatives under consideration?
5. All things considered, if you were James Davis, what would you recommend to your board? Why?

S10 - Davis Boatworks HBS 9-899-248

1. Analyze and evaluate the working capital issues inherent in Davis Boatworks' operations (see Exhibit 5).[1] The projections contained in Exhibit 6 indicate a significant improvement in free cash flow with increased volume. Are these projections realistic? What are the key assumptions? What are the underlying reasons for the improvement? Have they realistically considered Kawasaki's ten most important "red pill" questions (p 92)?
2. Perform a valuation analysis on Davis Boatworks as of 11/30/98 and 11/30/03 (projected), both with and without the proposed expansion in capacity (Exhibits 6 and 7). Use net asset value, multiples of net income and discounted cash flow techniques (see *Teaching Note on Financial Analysis and Projections* for a review of the methods for conducting such an analysis). What do you think the company is worth at 11/30/98?
3. From Zider's perspective, is Davis Boatworks a suitable candidate for venture capital financing? If so, why? If not, why not? Has the company been capital efficient in the use of its resources? (see Session 10 lecture – *Acquiring and Managing Financial Resources*).
4. Exhibit 8 projects a \$3.245 million capital investment to fund the expansion and growth of the company. Based on your valuation analysis, what percentage of the company would an outside investor demand for a \$3.245 million equity investment. What kind of operational control would you ask for as a condition of your investment? If you were Buddy Davis, would this be acceptable?

S11 - ATH MicroTechnologies, Inc.: Making the Numbers HBS 9-108-091

1. The ATH MicroTechnologies, Inc. case raises a number of issues related to the effective design and use of incentives and internal control systems. Specific questions are provided in five separate sections in the case, corresponding to five stages in the growth and evolution of the company.
2. Consider the concepts and frameworks presented in the three readings as you prepare an outline form response based on the questions provided in the case.

S12 - Meg Whitman at eBay, Inc. HBS 9-401-024

1. Summarize the key assumptions and values that formed the foundation of eBay's culture prior to Whitman's arrival. How were these influenced by the personal ideas and values of Pierre Omidyar?
2. How were these assumptions and values reflected as artifacts (visible manifestations of the culture) in: (a) the relationships between the company and its customers; and (b) the internal structures, processes and employee relationships of the organization. Does eBay "make meaning" (Kawasaki – Ch 1)?
3. There is an inevitable tension between the freewheeling culture of an internet startup and the structure and discipline required to build a significant business. Evaluate the significant changes discussed in the case (system capacity, marketing strategy, streamlining and strengthening the organization, addressing community safety issues, and strategic partnership agreement with AOL) in terms of how the implementation of these changes: (a) impacted; and/or (b) was influenced by the culture.
4. At the end of the case, Whitman ponders the challenges of rapid growth and its impact on eBay's culture. What are the underlying issues? If she chooses to continue on the path of explosive growth with the acquisition of Kruse International, what actions should she take to preserve the culture? If growth inevitably has an adverse impact on the culture, will the company lose its unique positioning and momentum? What should she do? Why?

[1] **CAUTION:** Financials presented in Exhibit 8 to the Davis Boatworks case have a number of problems. Balance sheet is not in balance, and cash and retained earnings do not walk forward. You will need to correct these items before conducting your analysis.

S13 – General Scanning, Inc. (A) HBS 9-698-036

1. Evaluate the growth and evolution of GSI in terms of the Pyramid of Organizational Development and the characteristics of entrepreneurial vs. professional management outlined by Flamholtz and Randle (*Teaching Note – Models of Organizational Growth and Evolution).* Where would you place GSI in terms of Flamholtz & Randle's model of the stages of growth? What evidence can you cite to support your conclusion? What has the company done well? What remains to be accomplished?
2. With respect to the stage of development you have identified, evaluate the leadership of Montagu and Brosen in terms of the key leadership roles, critical responsibilities, and personal leadership development appropriate to that stage as described by Caitlin & Matthews (see *Teaching Note:Making the Transition from Entrepreneur to CEO*). What shortfalls appear? Have these shortcomings manifested themselves in terms of "growing pains" or other organizational issues?
3. Does the article by Kets de Vries (*The Dark Side of Entrepreneurship*) shed any light on the leadership roles and styles of the founders and the current challenges faced by the company? Explain and provide examples to support your position.
4. To what extent has the recruitment of Wes Davis addressed the founders' leadership shortcomings? To what extent has his presence created a new set of challenges? How did Montagu and Brosens handle the process of "letting go" in light of Hollender's prescriptions.
5. What are the top three issues facing GSI at the end of the case? What do you recommend with respect to each?

S14 - Biogen, Inc.: rBeta Interferon Manufacturing Process Development HBS 9-696-083

1. The case identifies five principal areas of risk (page 4) associated with the rBeta project. Using the frameworks provided in the readings, assess and evaluate each of these potential areas of risk in terms of the potential impact on: (a) the time line detailed in Exhibit 3; (b) the cost of the development project; (c) the ultimate success of the project (competitive advantage and profitability of the interferon molecule). Which are the most critical risks (in priority order)? Why?
2. Was the introduction of a new management and organizational approach (project management discipline and cross-functional teams) an effective strategy to mitigate the inherent risk in the project, or did the new structure itself represent an additional source of project risk?
3. Murphy (of Murphy's Law fame) showed up a number of times during the course of the project. Identify Murphy's major appearances (when glitches that represented deviations from the original plan impacted the time line and threatened the success of the project). Were these "predictable surprises"? Analyze and evaluate both the underlying causes of each and the ultimate impact on the project.
4. What recommendations would you make to Jim Vincent to more effectively manage (reduce and/or mitigate) the risks on future projects, without adversely impacting time to market?

S15 - Intuit's New CEO: Steve Bennett HBS 9-803-044

1. In many ways, Intuit was a classic entrepreneurial success story. Seventeen years after its founding, the company reached $1 billion in sales, was solidly profitable, and its stock price was 40 times FY 2000 earnings. Evaluate the state of Intuit's development prior to Bennett's arrival in early 2000 using the Eight Hurdles framework (as described in *Teaching Note: Models of Organizational Growth and Evolution*). Which hurdles have they successfully cleared? Where have they stumbled?
2. Some have argued that there is a qualitative difference between an entrepreneurship and a professionally-managed firm regardless of size (see the exhibit *Entrepreneurial vs. Professional Management* in *Teaching Note: Models of Organizational Growth and Evolution*). Would you characterize Intuit as a billion dollar entrepreneurship or a professionally-managed firm, or somewhere in between at the time of Bennett's arrival in early 2000? Provide specific examples to support your conclusions.
3. Evaluate Intuit's state in early 2000 in light of Greiner's model of organizational development. At what phase of development would you place the company? Describe Intuit's evolution in terms of the alternating crises and period of growth from inception until Bennett's arrival. Based on this analysis, what challenges to you think Bennett will face?
4. Steve Bennett made numerous changes in his first eight months on the job and has plans for more in the near future. Evaluate each of these changes in view of what you have learned in this course. Is Bennett on the right track? Have some of his actions had unintended consequences? Was the pace too fast or too slow? What risks do you see in his approach? What major challenges lie ahead? What kind of company do you expect Intuit to be by 2003?
5. If you were an advisor who had Bennett's ear in August 2000, what specific recommendations would you make to address the issues and shortfalls identified in your responses to the first four questions? What recommendations would you make, if any, regarding pace and management style?

COURSE OUTLINE **[NOTE: ALL SPEAKERS AND SPEAKING DATES SUBJECT TO CONFIRMATION]**

SESSION DATE	SESSION TOPIC/PREPARATION	ASSIGNMENT
S01 8/24/15	**Introduction: Getting Started** **Preparation**: ▪ Kawasaki: *The Art of the Start*: 1-26 ▪ Blank: *Why the Lean Startup Changes Everything* HBR April 2013 (eJournal) ▪ Video: *The Art of Innovation* (21:15) http://www.youtube.com/watch?v=Mtjatz9r-Vc **In-class activity:** ▪ Course Introduction: *Scope, focus and requirements* ▪ Lecture: *Managing the Emerging Enterprise* ▪ Video: Tina Seelig: *The Innovation Engine*[2]	

[2] Essentially the same lecture available at: http://transcriptvids.com/v/Dle_GvFIbqY.html

SESSION DATE	SESSION TOPIC/PREPARATION	ASSIGNMENT
S02 9/07/15	**<u>Models of Organizational Growth & Evolution</u>** **Preparation:** ▪ Teaching Note: *Models of Organizational Growth and Evolution* (eLearning Course Materials) ▪ Eisenmann, Ries & Dillard: *Hypothesis-Driven Entrepreneurship: The Lean Startup* HBS 9-812-095 (coursepack) **In-class activity:** ▪ Lecture: *Models of Organizational Growth and Evolution* ▪ Lecture: *The Art of Bootstrapping*	
S03 9/14/15	**<u>Bootstrapping</u>** **Preparation:** ▪ Kawasaki: *The Art of Bootstrapping:* 79-99 ▪ Cornwall: *Bootstrapping*: 1-49 ▪ Sull: *Disciplined Entrepreneurship*, Sloan Mgmt Review. Fall 2004 (eJournal) **In-class activity:** ▪ Speaker: Dennis Wells, Founder & CEO, CHI Management, LLC (Restaurants) ▪ Case: *RightNow Technologies* HBS 9-805-032 ▪ Lecture: *Setting the Direction*	**<u>Written Assignment #1:</u>** Individual assignment. Address the case preparation questions in a 8-10 page outline form response.
S04 9/21/15	**<u>Setting the Direction</u>** **Preparation:** ▪ Kawasaki: *The Art of Positioning*: 29-43; *The Art of Pitching*: 44-65; *The Art of Writing a Business Plan: 66-75;* ▪ Bhide: *How Entrepreneurs Craft Strategies that Work*. HBR Mar-Apr 1994 (eJournal) ▪ Johnson et al.: *Reinventing Your Business Model*. HBR Dec 2008 (eJournal) ▪ Picken. 2014: *Teaching Note: Identification and Validation of Assumptions*. (eLearning Course Materials) ▪ Block & Macmillan: *Milestones for Successful Venture Planning*. HBR Sept-Oct 1985 (eJournal) **In-class activity:** ▪ Speaker: Yoram Solomon, VP- Strategy & Bus Dev, Interphase Corporation ▪ Case: *Surface Logix* HBS 9-802-050 ▪ Lecture: *Innovation and Product Development: Defining the Offering*	**<u>Wild Card #1 (WA#6)</u>** **<u>Group</u>**
S05 9/28/15	<u>Innovation & Product Development: Defining the Offering</u> Preparation: ▪ Brown: *Design Thinking*. HBR June 2008 (eJournal) ▪ Anthony et al: *Mapping Your Innovation Strategy*. HBR May 2006. (eJournal) ▪ Royer: *Why Bad Projects are So Hard to Kill*. HBR Feb 2003 (eJournal) ▪ Treacy & Weirsema: *Customer Intimacy and Other Value Disciplines*. HBR Jan-Feb 1993 (eJournal) ▪ Picken. Teaching Note: *Using a Weighted Criterion Decision Matrix* (eLearning Course Materials) ▪ Picken. Teaching Note: *Introducing the Buyer Utility Map* (eLearning Course Materials) In-class activity: ▪ Video: Brown: *Strategy by Design* ▪ Case: *Active Coatings, Inc. (A)* HBS 9-796-061 ▪ Lecture: *Strategic Choices in Marketing*	**<u>Written Assignment #2:</u>** Group assignment. Address the case preparation questions in a 8-10 page outline form response.

SESSION DATE	SESSION TOPIC/PREPARATION	ASSIGNMENT
S06 10/5/15	**Marketing: Strategic Choices** **Preparation:** ▪ Kawasaki: *The Art of Branding*: 167-191; *The Art of Rainmaking*: 192-207 ▪ Cornwall: *The Startup Venture: 81-104; The Growing Venture: 105-121* ▪ Leslie & Holloway: *The Sales Learning Curve*. HBR Jul-Aug 2006 (eJournal) ▪ Moore: *Crossing the Chasm – and Beyond:* from *Inside the Tornado* (eLearning Course Materials) **In-class activity:** ▪ Speaker: Lea Nesbit, CEO, Natural Dental Implants ▪ Case: *Hydrocision, Inc*. HBS 9-699-176 ▪ Lecture: *Building an Organization and a Team*	**Wild Card #2 (WA#6)** **Group**
S07 10/12/15	**Building an Organization and a Team** **Preparation:** ▪ Kawasaki: *The Art of Recruiting*: 100-118 ▪ Cornwall: *Staffing and Human Resource Bootstrapping*: 51-67 ▪ Walker: *Saving Your Rookie Managers from Themselves*. HBR April 2002 (eJournal) ▪ Goold & Campbell: *Do You Have a Well-Designed Organization?* HBR Mar 2002 (eJournal) **In-class activity:** ▪ Speaker: Brendon Mills, VSpeed Capital, LLC (former CEO Genband, Ripcode) ▪ Case: *Keeping Google "Googley"* HBS 9-409-039 ▪ Lecture: *Infrastructure Processes: Managing the Customer Relationship*	**Written Assignment #3:** Group assignment. Address the case preparation questions in a 8-10 page outline form response.
S08 10/19/15	**Infrastructure Processes: Managing the Customer Relationship** **Preparation:** ▪ Markey et al: *Closing the Customer Feedback Loop*. HBR Dec 2009 (eJournal) ▪ Zoltners, Sinha & Lorimer: *Match Your Sales Force Structure to your Business Life Cycle* HBR July 2006 (eJournal) ▪ Shapiro et al: *Staple Yourself to an Order*. HBR Jul-Aug 2004 (eJournal) **In-class activity:** ▪ Speaker: TBD ▪ Case: *DigitalThink: Building a Sales Force* HBS 9-898-193 ▪ Lecture: *Building Operational and Product Development Infrastructures*	**Wild Card #3 (WA#6)** **Group**
S09 10/26/15	**Building the Operational and Product Development Infrastructures** **Preparation:** ▪ Cornwall: *Bootstrapping through Efficient Processes*: 69- 80 ▪ Adner: Match your Innovation Strategy to Your Innovation Ecosystem HBR Apr 2006 (eJournal) ▪ Fisher: *What is the Right Supply Chain for your Product?* HBR Mar-Apr 1997 (eJournal) ▪ Cohen et al: *Winning in the Aftermarket* HBR May 2006 (eJournal) **In-class activity:** ▪ Speaker: Tyler Dawson, Bay & Baker, LLC (Electronics & Software Industries) ▪ Case: *New Balance Athletic Shoes* HBS 9-680-110 ▪ Lecture: *Acquiring and Managing Financial Resources*	**Written Assignment #4:** Group assignment. Address the case preparation questions in a 8-10 page outline form response.
S10 11/2/15	**Acquiring and Managing Financial Resources** **Preparation:** ▪ Kawasaki: *The Art of Raising Capital:* 119-148 ▪ Cornwall: *Startup Financing and Cash Management in a Bootstrapped Business:* 123-141 ▪ Bhide: *Bootstrap Finance: The Art of Startups* HBR Nov-Dec 1992 (eJournal) ▪ Zider: *How Venture Capital Works* HBR Nov-Dec 1998 (eJournal) ▪ Picken: *Teaching Note on Financial Analysis and Projections* (eLearning Course Materials) **(S10 continued on following page)**	**Wild Card #4 (WA#6)** **Group**

SESSION DATE	SESSION TOPIC/PREPARATION	ASSIGNMENT
	In-class activity: ▪ Speaker: Joel Fontenot, Managing Partner, Trailblazer Capital (Venture Capital) ▪ Case: *Davis Boatworks* HBS 9-899-248 ▪ Lecture: *Management Systems and Governance*	
S11 11/9/15	**Management Systems and Governance** **Preparation:** ▪ McGrath and MacMillan: *Discovery-Driven Planning*. HBR Jul-Aug 1995 (eJournal) ▪ Simons: *Control in an Age of Empowerment* HBR Mar-Apr 1995 (eJournal) ▪ Kaplan & Norton: *The Balanced Scorecard: Measures that Drive Performance*. HBR Jul-Aug 2005) (eJournal) **In-class activity:** ▪ Case: *ATH MicroTechnologies, Inc.: Making the Numbers.* HBS 9-108-091 ▪ Lecture: *The Role and Importance of Organizational Culture*	**Wild Card #5 (WA#6)** **Group**
S12 11/16/15	**Developing and Managing the Culture** **Preparation:** ▪ Schein: *The Role of the Founder in Creating Organizational Culture*. Organization Dynamics 12(1) Summer 1983(eJournal) ▪ Cornwall: *Creating and Sustaining a Bootstrap Culture*: 143-155 ▪ Kawasaki: *The Art of Being a Mensch*: 211-217 **In-class activity:** ▪ Speaker: Patrick Brandt, CEO, Zimbra (Enterprise Software) ▪ Case: *Meg Whitman at eBay, Inc. (A)* HBS 9-401-024 Lecture: *From Entrepreneurship to Professional Management*	**Written Assignment #5:** Group assignment. Address the case preparation questions in a 8-10 page outline form response.
11/23/15	**FALL BREAK – NO CLASS**	
S13 11/30/15	**Entrepreneurial Leadership: From Entrepreneur to CEO** **Preparation:** ▪ Teaching Note: *Making the Transition from Entrepreneur to CEO* (eLearning Course Materials) ▪ Greiner: *Evolution and Revolution as Organizations Grow*. HBR Jul-Aug 1972 (eJournal) ▪ Kets de Vries: *The Dark Side of Entrepreneurship*. HBR Nov-Dec 1985 (eJournal) ▪ Hollender: *Giving up the CEO Seat*. HBR March 2010. (eJournal) **In-class activity:** ▪ Speaker: Jim Lafferty, CEO, Genesis Biosystems (Medical Devices) ▪ Case: *General Scanning, Inc. (A)* HBS 9-698-036 ▪ Lecture: *Managing Risks; Managing through Crises*	**Wild Card #6 (WA#6)** **Group**
S14 12/7/15	**Managing Risks: Anticipating the Unthinkable** **Preparation:** ▪ Watkins & Bazerman: *Predictable Surprises: The Disasters You Should Have Seen Coming.* HBR Mar 2003 (eJournal) ▪ Simons: *How Risky is Your Company? HBR May-Jun 1999* (eJournal) ▪ Augustine: *Managing the Crisis You Tried to Prevent*. HBR Nov-Dec 1995 (eJournal) **In-class activity:** ▪ Speaker: Dan Owen, Managing Partner, HO2 Partners (Venture Investments) ▪ Case: *Biogen, Inc: rBeta Interferon Manufacturing Process Development* HBS 9-696-083	**Wild Card #7 (WA#6)** **Unassigned** **Written Assignment #7:** Turn in Peer Evaluation Form (using the Assignment Submission process on eLearning
S15 12/14/15	**FINAL EXAM** (take home) **Final Exam Case:** *Intuit's New CEO: Steve Bennett* HBS 9-803-044 ***Email or turn in to Dr. Picken's office no later than 5:00 PM on December 14, 2015***	**Written Assignment #8:** Individual assignment. Address the case preparation questions in an 10-12 page outline form response.