

**ENT 332: Managing the New Venture: Experiential Learning
Institute for Entrepreneurship and Innovation**

Fall, 2010
Tu Th 2:00pm-3:15pm, Room: 00002

Professors:

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Prerequisite(s): ENT 327 or ENT 328

Course Description

This course should be taken after students have taken ENT327 or ENT 328 in which students created a new business. This course is designed to provide students an experiential learning opportunity to be part of founding and/or joining a new business. Students will actually run a new business. Students will define and deliver products and services to “real” business customers and clients; to negotiate with suppliers, administrative agencies and other stakeholders; to finance company operations; and to be accountable for cash flows and company budgets.

This is a real world experience, supplemented by classroom analysis and sharing of lessons learned. Your role in this class should be active, not passive. The more effort you put in, the more benefit you will take away from this course. Your success in this course will be determined by your own initiatives, passion, energy, efforts, social network, and luck.

The course will be challenging and rewarding to you. You will also learn what you don’t know and motivate you to develop your action plan for creating a successful company after graduation. It is expected that all students graduating from this course will create a new business (part-time or full time) after graduation.

Learning Objectives

- To develop lead entrepreneur skills
- To develop an understanding of the challenges of managing a new business;
- To experience the ups and downs of running a new business;
- To provide an experiential learning experience in growing a new business.

Class Format and Activities

This is not a traditional “lecture” class. To a great extent this course will be a self-directed class. The class will be organized into project teams of 2-5 persons/team. Each team must develop a plan for the business and convince investors to fund the new startup. They must then execute the plan and make real-time decisions under intense time pressure with insufficient information.

The instructor’s role is primarily to serve as the Chairman of the Board of each company, guiding and critiquing management. He also acts as coach, advisor and consultant to the operating companies. Every team is required to have a Mentor, who is an experienced executive and entrepreneur. Mentors should be consulted weekly, and will be asked to provide a written critique of the company to the instructor at the end of the semester.

An instructor will meet with every team, check the progression, and monitor the progress of the new business weekly. Please see the updated meeting schedule with every team in the blackboard.

Resources

As with all new ventures, you (as entrepreneurs) are expected to raise the necessary funding from your family and/or your friends.

IEI has established the IEI Startup Fund. You are eligible to apply to make an application to the Fund. You will have an opportunity to present your business to the Board for funding and to negotiate the terms. If your business got funded from IEI, you will be reimbursed for the approved expenses.

1. You must be able to fund initial setup costs, that will be reimbursed only if you are awarded an operating loan from IEI.
2. Students must be familiar with typical business software such as: Microsoft Word, for producing documents; Microsoft Excel, for designing spreadsheets; Microsoft Power Point, for designing presentations; and the use of the Internet.

Suggested Textbook: [Entrepreneurship: Successfully Launching New Ventures](#) (2nd or 3rd edition), by Bruce R. Barringer R. Duane Ireland, Prentice Hall (2008, 2010), ISBN-10:

0130618551. (not be required, just for your reference. This book covers lot of start-up cases of college students)

Grading

Final Business Operation Plan Ranking by Judges	10%
Response to changes weekly	20%
Company performance (profitability, sales, etc.)	50%
Accuracy of Reporting and Financial Records	20%
(Bonus: If your business continues in IEI Student Ventures until May	20%
Or if you gain the outsider funding of more than \$20,000)	

The distribution of points and grading scale for the course follow (Grades with “+” and “-” will be given). All grades are determined at the Instructor’s discretion and are not negotiable.

100-96	A
95.9-90	A-
89.9-85	B+
84.9-80	B
79.9 – 75	B-
74.9 – 70	C+
69.9 – 65	C
64.9 – 60	C-
59.9-50.1	D
50 and below	F

Peer Evaluations: At the conclusion of the course, the other members of your group will evaluate your contribution to the company’s performance by submitting peer evaluations. Team members who do not pull their own weight will receive lower scores than the team scores.

STATEMENT ON ACADEMIC DISHONESTY

UMKC and the Bloch School are governed by policies on academic dishonesty with which all students are required to be familiar. The Bloch School supports the University policy on academic dishonesty. Academic dishonesty includes: (a) cheating, (b) fabrications and falsifications, (c) multiple submissions, (d) plagiarism, and (e) complicity in academic dishonesty. All such policies will be adhered to in this course. Students are expected to warn fellow students who do not appear to be observing proper ethical standards and to report violations of this to the Instructor.

Simply stated, cheating and/or dishonest behavior in any form will not be tolerated in this class; all violations will be submitted to the appropriate Bloch School and / or UMKC parties. The Instructor specifically reserves the right to discipline all students for academic dishonesty, in conformity with the rules and regulations of the Bloch School and UMKC. Such action may

include lowering of grades or the assignment of a failing grade for the course itself.

Weekly Schedule and Tasks

During the first four weeks, each student team will be required to define and develop a new venture which must be approved by the instructors and the mentor (to gain the first move advantage, you can submit your plan as early as possible). As part of this process the teams must develop a business model and must have a four pages executive summary of a business plan; complete documents to license the company; and find 6 to 8 qualified sales leads. The team will then proceed to implement and operate the business.

Week 1 (Aug. 24, 26)– During this week, students get acquainted, learn about what they might expect from each other, assess their potential resources and match them against possible task demands. Students organize themselves into project teams, and establish their preliminary goals and objectives. Getting well acquainted, building trust and confidence, and learning to identify with the group in this “team building” phase are important elements to future success, as will be demonstrated later. Team members work together to figure out who will do what and how individual efforts will be coordinated. A business is selected for evaluation and strategic analysis begun including preliminary market positioning and resource requirements. An initial CEO is chosen and organizational policies and structure are established.

Week 2 (Aug. 31, Sept.2) –In this phase, teams are deeply involved with project scheduling, budgeting, market research, sales and marketing and operations planning. Each plan will be divided into a series of steps which build on one another sequentially, and each week students must present progressively more detailed descriptions of their proposed business activity along with supporting evidence that demand exists.

As part of this process, teams will prepare and submit a feasibility (Strengths, Competition, Weaknesses, Opportunities, Threats) analysis in preparation for their formal presentations. To complete this analysis effectively, a number of issues must be included such as:

1. What is the background of the industry chosen. How has the industry developed? What has been its growth? What is its future? How well do small businesses prosper in the industry? How does your team’s business fit into the industry?
2. What products will your venture offer or provide? What makes these products unique? What will consumers purchase these products from your venture? What needs do your products address? Will your products be profitable and competitively priced?
3. What are your teams’ strengths and weaknesses in terms of technical skills? Management? Personal characteristics?
4. Do you know who can help, support, and extend your business?

Week 3-4 (Sept. 7, 9, 14, 16) – Incorporation documents must be completed and accepted by the instructor. Business plan drafts will be submitted to the instructors for review prior to their presentation to the judges. The organizational structure of each company during the operating quarter is established. The capital requirements for each business are carefully reviewed and defended by management

Week 5 (Sept. 21, 23) – Final Business Plans are sent to the judges (we strongly encourage you to submit it before this week, and launch your business ASAP). The teams will finalize their presentations of the business plan and present to judges for funding. Funding will be in the form of an operating loan to each company. The amount of the loan is determined at the sole discretion of the judges. Grades are largely determined by the extent to which the judges are confident in the teams' ability to achieve the projected results.

Week 6 (Sept. 28, 30) - Full-scale implementation of business operations begins at this point for all companies as the student teams begin to run their businesses. Organizational structures, individual responsibilities, and operational controls need to be discussed and modified. In some cases the research and assumptions made will be validated and the students will need to deal with a variety of operational demands. Others may find that their conclusions about the opportunity were wrong and they will need to respond accordingly. Each team is asked to consider what problems its business might face and develop contingency plans for the things that might go wrong.

Weeks 7-14 (Oct. 4- Nov. 24) – During this period, the businesses become fully operational. Each team meets weekly with the instructor for in-depth discussions of all of their internal and external relationships. These sessions are intended to uncover major unresolved issues critical to the company's success and identify alternatives to minimize damage to the business. It is expected that minor problems will have been identified by the teams themselves and delegated to the appropriate team member for resolution. Key metrics for the businesses are developed, tracked and used as the basis for tactical changes and revised projections. Any problems encountered must be identified and discussed openly.

During this period most teams will do business with other companies outside the course and the university. This exposure to the real world provides great insight into the diversity of relationships that can develop and the range of people and styles that are encountered in the business community.

Week 15 (Nov. 30-Dec. 2) – Final reports to the Board are prepared which include a review of activities and lessons learned. These are written so that they will provide guidance to future companies that attempt a similar venture. In addition team members will each submit their personal reflections on the merits of the experience, including such matters as whether their expectations were met, how their initial ideas or attitudes changed and suggestions to improve the experience for later teams.

As part of the final presentation, each team reviews its final prognosis and negotiates an exit plan for its business (move to IEI Student Ventures Program, pay back the loan, etc.). Final balance sheets are submitted and the assets turned in to the IEI. If it is necessary to continue operations

for a limited period to liquidate non-cash inventory or complete obligations to customers, special provisions are negotiated to allow that to occur without disruption.

If some team members wish to purchase the assets and continue the business as a private venture, appropriate terms are negotiated with IEI to encourage their initiative.

Instructors:

Michael Song, Ph.D.



Dr. Michael Song is a leading scholar and educator in the fields of innovation management and entrepreneurship. He holds the Charles N. Kimball, MRI/Missouri Endowed Chair in Management of Technology and Innovation. He is the director of the Institute for Entrepreneurship and Innovation and professor of marketing at the Henry W. Bloch School of Business and Public Administration, University of Missouri-Kansas City. Dr. Song currently serves as Scientific Advisor at the Institute for Governance Studies at the University of Twente (the Netherlands), Distinguished Honorary Professor at Xi'An Jiaotong University (China), and Senior Fellow in Entrepreneurship Research at the Ewing Marion Kauffman Foundation. Dr. Song received an M.S. from Cornell University and an MBA and Ph.D. from the Darden School of Business at the University of Virginia.

Dr. Song has been ranked as the “World’s Number One Innovation Management Scholar” by the *Journal of Product Innovation Management*, recognized as one of the “Most-Cited Scientists in Economics & Business” over a 10-year period by *Essential Science Indicators*, honored as one of the top 20 technology management scholars by *R&D Management*, and noted as being the most published scholar at the *Journal of Product Innovation Management* over the last 20 years.

Dr. Song has received numerous international awards and honors for his academic research and contribution to the practice. Based on academic journal publication record over a 10-year period, the International Association of Technology Management has twice honored Dr. Song with Excellence in Research Awards for being in the top percentile of thousands of researchers in the international field of Technology Innovation Management. In 2005, the American Marketing Association honored Dr. Song with the Excellence in Research Award for his outstanding research which has significantly influenced the direction of global marketing within the last 10 years. In 2010, Dr. Song was honored by the Board of Governors of the IEEE Technology Management Council with the “Best Paper Award for 2008” for his outstanding contributions to the journal of *IEEE Transactions on Engineering Management*. Dr. Song’s research publications have also won more than 10 best research article awards from prestigious organizations such as the Academy of Management, American Marketing Association, and Product Development and Management Association.

Dr. Song founded the Institute for Entrepreneurship and Innovation at the University of Missouri-Kansas City in 2005. The institute was ranked as one of the top 25 Entrepreneurial Colleges out of 2,300 university programs in the United States by the *Princeton Review* in 2009. Dr. Song has also created numerous academic programs in entrepreneurship and innovation, including two doctoral programs in entrepreneurship and innovation.

Dr. Song has been a co-founder of two companies, an expert witness in the fields of innovation management and global marketing, and a consultant on innovation and global marketing strategy.

Dr. Song has developed a service innovation model, a risk diagnostic and management model for product and service innovation, global market assessment tools and diagnostic models designed to help companies achieve innovation success, and a portfolio innovation system for integrating market development with service quality and supply chain management into the portfolio innovation process. Dr. Song's current research interests focus on service innovation, innovation management, marketing strategies for emerging markets, technology entrepreneurship, valuation of new ventures and emerging technologies, risk assessment, methods for measuring values of technology, and product portfolio management.

Dr. Song serves as an associate editor and editorial board member of several academic journals. He has published over 100 articles in top academic journals, including *Management Science*, *Strategic Management Journal*, *Academy of Management Journal*, *Journal of Marketing Research*, *Marketing Science*, *Journal of Marketing*, *Journal of International Business Studies*, *Journal of Operations Management*, and *Journal of Product Innovation Management*.

Sunny Li Sun, Ph.D.



Dr. Sun was born in Zhejiang, China. He received a Bachelor of Arts from Renmin University of China (Beijing) in 1993. Upon graduation, he worked in the Neptune Group Limited (Shenzhen, China). After obtaining a Master of Philosophy degree (concentration on marketing) from the Chinese University of Hong Kong in 1997, he worked as a VP in the Department of Mergers and Acquisitions in Guosen Securities Co., an leading investment bank in China. Then he joined Huitong Holdings Co. Ltd. as youngest executive director among all Chinese public companies in 1999. In 2000, he founded Miaxis Biometrics Inc., and successfully raised USD2 million from Intel Capital in 2001. He exited the venture in 2002 and worked as financial advisor for

entrepreneurs to raise fund from venture capital or private equity. He went back to academia in 2006 as a doctoral student at the University of Texas at Dallas (UTD).

During his four years of studies at UTD, Dr. Sun published 8 papers in leading English-language journals such as the *Strategic Management Journal*, *Academy of Management Perspectives*, *Asia Pacific Journal of Management*, *Journal of World Business*, and *Multinational Business Review*. He has 17 papers accepted at leading academic conferences such as the Academic of Management, Academic of International Business, and Strategic Management Society (SMS). One of them was nominated for the SMS Best Conference Paper Award. He also published 13 papers in Chinese journals. He passionately engaged in academic community activities, servicing as a reviewer in leading journals such as the *Journal of International Business Studies*, *Journal of Business Research*, *Asia Pacific Journal of Management*, and *Journal of Management Development*, and at conferences of AOM, AIB, AAOM, SWAM, and IACMR. He also contributed 10 case studies for *Global Strategy* and *Global Business* textbooks, and two dictionaries.

Dr. Sun joined the faculty of University of Missouri-Kansas City as an assistant professor in Fall 2010. His new book, *Watching China from the United States' Balcony: Global Strategy after Economic Crisis*, has published by Science Press with 8,000 copies in first edition in 2010. He are writing a bi-week column in *CEO&CIO China*, a leading magazine on entrepreneurship and innovation, enjoying a readership of more than 142,000 in addition to millions of online readers. His current research interests focus on new venture creation and financing, business model, entrepreneurial firm growth, internationalization, and corporate governance.