The Entrepreneurship Game: How an Idea Becomes a Business

Professor: Martin Varsavsky

- MBA, MIA Columbia University
- BA, New York University
- President of the Varsavsky Foundation
- CEO of Fon Wireless, active angel investor
- Founder of Urban Capital Corporation, Medicorp Services, Viatel Ltd, Jazztel, EINSTEINet AG, Ya.com, Fon Wireless

Awards:

- World Technology (2006)
- Spanish Entrepreneur of the Year, iBest (2000)
- European Entrepreneur of the Year, ECTA (1999)
- Entrepreneur of the Year, New York City (1995)

Course Methodology

The Entrepreneurship Game is a role-playing class in which Martin Varsavsky, the professor, is the moderator and the students play two simultaneous roles of entrepreneur and venture capitalist (VC). This workshop focuses on the "magical moment" in which an idea becomes a funded enterprise.

Students as Entrepreneurs

Each student has to come up with a fictional business venture to present to his or her classmates. This venture needs $5M to break even.

Each student must present the venture in three formats:

1. A three-minute elevator pitch made in class during sessions 2, 3, and 4. These presentations are moderated by Martin Varsavsky who complements them with relevant anecdotes from his personal background as an entrepreneur and investor.
2. Financial projections and an extended PowerPoint or visual presentation that summarizes business objective, market opportunity, competitive environment, management team, etc. All students must post these presentations online as soon as possible and not after the 4th session, directly after which the first investment round will take place.
3. A short YouTube commercial for his or her fictional venture. These commercials will be shown in sessions 5 and 6 and will also be moderated by Martin Varsavsky. When showing commercials students show a very different, more artistic side of themselves.

**Students as VCs**

All students have $1M to invest. This generates a capital shortage (students have $1M to invest, cannot invest in themselves and need $5M) that is similar to that existing in the real world in which there are more ventures looking for funds than funded ventures.

Investments take place in two rounds:

1. The first round takes place after the 4th session. Results of this investment round will not be announced at this point. All investments in the first round must be submitted before the 5th session.

2. The second round will take place after the 6th session. This round happens after students have seen the "creative" side of their classmates.

Both rounds have the following rules:

- Students must invest in at least 10 companies.
- No company can receive less than 25K or more than 75K.
- Students may not invest in themselves

After the second round, a spreadsheet will be shared with the class showing rounds and rankings.

**Grading**

The final grade will be made 50% of how good students were as entrepreneurs and 50% of how good they were as VCs. The final grade will be the average of these two but in life if you are only good at one of them you can be very successful. The 50% grade as an entrepreneur comes simply from how much money each student raised.

The 50% portion of the grade that comes from being a VC is derived from the entrepreneur grade. First a ranking of companies is established that is proportional to the amount of capital raised. Then, the amounts invested by each student in each company are multiplied by the ranking of the companies and in this way the value of the investment portfolio is established.

**REQUIRED READING**

• http://www.businessinsider.com/adding-slides-does-not-enhance-your-investor-pitch-2012-8
• http://www.entrepreneur.com/article/79834

SUGGESTED READING

• “Googled: The End of the World As We Know It” by Ken Auletta (Amazon)
• “Steve Jobs” by Walter Isaacson (Amazon)

Course Schedule

Session 1

Introduction: Course methodology and open questions Tutorial: Key points for your elevator pitch

Session 2

Student Elevator Pitches
Entrepreneurship experiences: Angel investments Tutorial: How to make financial projections

Session 3

Student Elevator Pitches
Tutorial: Pre money and post money valuations

Session 4

Student Elevator Pitches
Tutorial: How to approach and negotiate with angel investors

- INVESTMENT ROUND 1 -

Session 5

YouTube Commercial viewings and critical review
Tutorial: The Start Up financing road, Friends and Family, Angel Investors, VCs, Strategic Partners, IPO, Trade Sales

Session 6
YouTube Commercial viewings and critical review

Tutorial: Recruiting and compensating key employees – stock options and how to value them

Open questions and course conclusions

- INVESTMENT ROUND 2 -

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