COLUMBIA UNIVERSITY
COLUMBIA BUSINESS SCHOOL
EXECUTIVE MBA PROGRAM

LAUNCHING NEW VENTURES
B7519-001

Saturday
Summer 2015

PROFESSOR JACK M. KAPLAN

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COURSE DESCRIPTION:

This “hands-on” applied course focuses on the creation, evaluation, development and potential launch of a new business or social venture. For each new venture, key issues are addressed in a fashion highly consistent with other formal venture planning processes including: in-depth industry and market analysis, market validation, product or service design, value proposition, development of a sales and marketing (channel) model, the team (human capital), profit models, financing, legal and fundraising. Throughout the class you will continually seek to refine (a) your venture’s value proposition, and (b) all core elements of your business model based on instructor, visiting experts, and peer feedback.

To enroll in this class, it helps to have a “vetted” business or social venture concept prior to joining the class. A previously vetted venture concept includes ideas that have been worked on in earlier MBA or other graduate classes, presented in formal venture competitions, or formulated within formal venture creation program outside of University, as in events or classes specially targeting aspiring entrepreneurs. You are allowed to join the class as part of a venture team (within or external to the class) who has been working on a new business idea prior to the class. It is entirely permissible to change projects (“pivot”) or join another peer team after the class has started.

Working individually or preferably in teams (of no more than four), students spend the entire term developing an effective and comprehensive plan for a “real” venture concept, with proof of concept including customer-based market validation and early product/service prototypes. Students complete the class with a comprehensive new venture planning document, investor pitch, a minimal viable product, and validated business model.

New venture ideas must be something that the student(s) are passionate and are capable of near term execution. Throughout the semester, students will refine their venture opportunity into a written planning document and oral presentation ready to seek funding from appropriate sources and commence operations. Projects should reflect students’ genuine interest, but do not need to be tech-centric, venture capital-type projects or even "for profit" (many successful non-profits have taken LNV). By the second week of class, all students are expected to solidify the venture concept they wish to pursue throughout the term or have joined another team.

New venture projects can be based upon students’ own ideas or, in some cases, other start-ups that have requested assistance from Columbia MBA students. If a project is based upon a student’s idea, then unless a written agreement states to the contrary, the ownership of the idea and the work done during the semester is the property of the student(s) who had the original idea. All participants sign a non-disclosure agreement so we can engage in open discussions about each other’s venture.
Course Assignments

1. Textbook


2. Case Analysis:
Prepare case analysis as appropriate using the case questions. Analysis should be 4-6 pages in length. Cases must be handled in the day they are discussed in class. You are to come to class prepared to discuss each case and contribute to the overall development of understanding of all class members. Some teams you may be asked to lead the opening discussion of the assigned case.

Case assignments can be submitted as a team of 2-5 students.

<table>
<thead>
<tr>
<th>Product #</th>
<th>Title</th>
<th>Case Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBS</td>
<td>Datamark</td>
<td>Opportunity Recognition, Market Analysis, Competitive Position</td>
</tr>
<tr>
<td>CBS</td>
<td>Spinback Venture Capital Decision</td>
<td>Assess the financial opportunity, growth and valuation</td>
</tr>
</tbody>
</table>

3. Readings:

<table>
<thead>
<tr>
<th>HBR Product No.</th>
<th>Title</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>R0704</td>
<td>Finding Your Next Core Business</td>
<td>Zook</td>
</tr>
<tr>
<td>R00551</td>
<td>Knowing a Winning Business Idea</td>
<td>Chan Kim</td>
</tr>
<tr>
<td>9-807149</td>
<td>Common Angels</td>
<td>Applegate</td>
</tr>
<tr>
<td>F00401</td>
<td>Can you patent your business idea</td>
<td>Todd Dickinson</td>
</tr>
<tr>
<td>9-807-124</td>
<td>Technology transfer at Universities</td>
<td>Hamemesh</td>
</tr>
<tr>
<td>R1212x</td>
<td>How much is sweet equity worth</td>
<td>Marquis and Maegolis</td>
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</tbody>
</table>

Entrepreneur Agreements:
- Founders Agreement
- Incorporation Checklist
- Invention Assignment agreement
- Formal Advisory agreement
To help develop the venture plan over the course of the class, some of the elements of the final paper will be due throughout the class. The following is a list of key dates for deliverables:

**Summary of Team Assignments:**

- Discuss and select team members for venture  
  **May 16**
- Submit the 3 interviews with potential customers  
  **June 6**
- Build the Canvass Model (9 sections)  
  **June 6**
- First draft of Lean Launchpad canvas - students should take a first stab at filling it out the best that they can.  
  **June 6**
- Submit the Datamark Case  
  **June 20**
- Submit the Break-even analysis- see textbook for details  
  **June 27**
- Submit the marketing section for your business plan  
  **June 27**
- Submit the funding and P & L plan  
  **July 18**
- Demonstrate Minimum Viable Product  
  **July 25**
- Submit the Spinback Case  
  **Aug. 1**
- Final “Investors’ oral Presentation  
  **Aug. 15**
- Final Business Plan.  
  **Aug. 22**

**Team Deliverables:**

*Interviews with 3 potential customers or partners for customer discovery*

Summarize, on one-two pages, what you learned about your venture idea from interviews with at least three named (not anonymous) strangers. Provide one short summary paragraph per interview. Important interviews with people previously known by you can also be included. These interviews can and should include: potential customers (including, if applicable, purchase decision makers, distributors, store buyers and end-users), suppliers, investors, people in similar businesses, experts, etc. **Due: June 6. be prepared to present a 5 minute summary in class**
**Class Team meetings**

**Break-even analysis—see text book or class web site for details June 27**

Provide a “simple” breakeven analysis. Identify your economic unit of analysis (typically a single sale). Identify and list all of your fixed costs, including amortized capital expenses. Determine selling price, variable costs and the marginal contribution from each sale. **Be certain to list all of your assumptions.** Divide fixed costs by marginal contribution to determine break even. Calculate break even in terms of dollars and unit sales. After completing the analysis, assess and comment on the likelihood of your venture being profitable.

**Due June 27**

**Demonstrate a minimum Viable Product,—**

Participants develop a minimum viable product that embodies the essential features of the product or service and the potential solution being solved. **Due July 25**

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**Evaluation and Course Work**

Grades will be calculated using the following weights:

1. Final venture Plan Project 45%
2. Team Presentations 20%
3. Case analysis 20%
4. Class Participation 15%

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**Final Paper Feasibility Study**

Early in the course, students will be invited to “pitch” the class on opportunities they wish to explore and “recruit” teams to work on the project. Each team will then work on the diagnostic assessment and presentation, with interim presentations as each section is drafted. The paper should address the following aspects of the proposed venture:

- Description of the opportunity
- Market
- Product or service
- Competition and competitive insulation
- Management
- Key risks, financial requirements
- Timing

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**Group Project**
1. The course has no midterm or final exam. Instead, a written evaluation of the venture selected and corresponding oral presentation is required.

2. Oral business plan Group Presentations: **Aug. 15**

3. Group final written term project containing a maximum of 15 pages. Due Date: **Aug 22**

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### Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Session #</th>
<th>Topics, Readings and Assignments</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 16</td>
<td>1</td>
<td><strong>Topics: Managing and Starting a Venture:</strong></td>
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<tr>
<td></td>
<td></td>
<td>• Introduction and course outline, framework for new Ventures</td>
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<td></td>
<td></td>
<td>• Framework for evaluating opportunities, concept, product development, alpha/beta test, launch</td>
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<td></td>
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<td>• Window of Opportunity recognition</td>
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<td>• Customer discovery</td>
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<td></td>
<td></td>
<td><strong>Readings</strong>: “Entrepreneurship” Chapters 1 and 2</td>
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<td></td>
<td></td>
<td>“Knowing a Winning Business Idea when you see one”</td>
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<td><strong>Assignments:</strong></td>
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<td></td>
<td>Please be prepared to discuss your team idea in class that describes the problem you are solving and a possible solution. Also indicate if you are looking for additional students to join your team.</td>
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<tr>
<td>May 30</td>
<td>2</td>
<td><strong>Topics: Opportunity Identification and Evaluation</strong></td>
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<td>Guest Speaker: Stephan Butler Columbia EMBA 10 KNIC Partners, in partnership with Mark Messier, Ice Hockey Hall of Fame and former Captain of the New York Rangers, and Sarah Hughes, 2002 Olympic Gold Medalist in Figure Skating, proposes to redevelop the landmarked iconic Kingsbridge Armory into the largest ice sports center in the world and a global center of ice sports excellence.</td>
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<td></td>
<td></td>
<td>• Building the Canvass Model (9 sections)</td>
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<td>• Key activities</td>
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<td></td>
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<td>• Customers, Key Partners, Key resources, customer segments</td>
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• Value proposition, Channels , Cost structure, Revenue streams
• Pivot is not a failure

Prof. Kaplan will introduce the Datamark case a loyalty and gift card provider for the retail industry. This is Professor’s Kaplan third company that he started. Students will evaluate the venture and answer the case questions listed in the casebook. **Due June 21**

**Reading:**

**Assignments: Deliverable:**

Turn in your one page description of the proposed venture and team members

<table>
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<th>June 6</th>
<th>3</th>
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**Conducting Customer development, Market Analysis and Customer Validation and Canvass Model**

Discussion of the business components
- Verify the business model or pivot
- Customer segmentation and channels
- Benchmarking to the competition
- Preparing the pricing and sales strategy
- Does anyone have a sustainable competitive advantage?
- How does your product compete in this market? What are YOUR advantages? Do customers value these advantages?
- How might you design a strategy that leverages your advantages and navigates around your competitor's advantages?

**Guest Speaker:** Christine Drianan EMBA 12 Galavante Inc.  
*Galavante* is the Travel, Lifestyle, and Entertainment Magazine for the Working Jet Set. The company provides targeted recommendations on where to stay, eat, and what to do

**Readings**

Read entrepreneurship chapter 4
### Assignments.
- Submit the 3 marketing interviews with potential partners **June 6**
- **Deliverable** – submit a draft of the canvass model. Word, PP or hand written is fine.

| June 13 | 4 | **Topic:** Topics: Technology Transfer, Licensing and Patent Protection

**Guest Speaker:** Dr. Bob Myers Fairfield Resource Patent consulting firm...

Guest speaker: Jeff Friedman EMBA 12, Plenishable.com.

- Are you protected?
- Patent protection and cracking a patent
- Strategic alliances and licensing agreements
- The role of intellectual properties for the entrepreneur.
- Applying for patents.
- Copyrights, trade secrets, and trademarks.

**Readings:** “Entrepreneurship” Chapter 8
Can you patent your Business

| June 20 27 | 5,6 | **Topics:** Preparing a Winning Business Plan

Compile data on the market (size, trends, and opinions of experts).
- Identify the “key players” or people in your market. Conduct telephone or interviews as required.
- Research the competition section. Identify the present and potential competitors
- Pricing Strategies and segmentation
- (You can refine the section prior to assembling the complete business plan.)

**Guest Speaker:** John Pacificio, VC EMBA 10, Canaan Ventures, Deals, term sheets equity participation and Valuation

**Read:** Entrepreneurship”, Chapter 4, Article: How to Write a Great Business

**Project Team break out session:**
**Board of Advisors Meeting:** rooms will be provided.

Prepare a power point presentation on the marketing section of your venture.

Form advisors boards comprised of members of three project teams. Each team will present to the other two, who will serve as advisors and consultants... Each team makes a 15-minute presentation followed by 10 min. of Q & A.

**Assignments:**

- Submit the Break-even analysis- see textbook for details
- **Submit the marketing section for your business plan**
- **June 27**
<table>
<thead>
<tr>
<th>Date</th>
<th>Week</th>
<th>Topics:</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 11</td>
<td>7</td>
<td>Attracting VC interest: Venture Financing</td>
<td>VC's look for three characteristics when analyzing a potential venture.</td>
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<td></td>
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<td>Sourcing Funds for your Venture</td>
<td>- Sizable market opportunities</td>
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<td></td>
<td>- Products and technologies that address unmet needs in innovative ways</td>
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<td>- Management groups with deep experience, strong management skills and build the team.</td>
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<td>- Sources of capital</td>
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<td>Selling stock to angles and investor</td>
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<td></td>
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<td>Readings; Guest Speaker: Jay Rand VC, valuations deals and early stage funding discussion</td>
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<td></td>
<td>Assignments: Project Team Assignments: Refine Launch Pad canvass model and submit changes</td>
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<td>July 18</td>
<td>8</td>
<td>Structuring the Venture Deal: Negotiations and Risk</td>
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<td>Term sheets, Legal issues and shareholder rights</td>
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<td>How do you evaluate the venture business model?</td>
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<td>What due diligence do you conduct?</td>
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<td></td>
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<td>What financial analysis do you perform</td>
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<td></td>
<td>Readings:</td>
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<td>Assignments</td>
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<td></td>
<td></td>
<td>Submit the funding and P &amp; L requirements for the venture</td>
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<tr>
<td>July 25,</td>
<td>9</td>
<td>Setting Up the Management Team</td>
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<td>Setting up the company - LLC, Sub-S, and C-Corp.</td>
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<td>Costs and how to apply and form a company</td>
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<td>Shareholders and Employee Agreement</td>
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<td>Preparing the ownership, equity, and stock options of the management team</td>
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<td></td>
<td>Read: Entrepreneurship”, Chapter 6</td>
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</table>
Management Team: Leadership, Incentives, Hiring and

- Hiring and firing talent-retaining relationships
- How to posture a team
- Be a leader –not a manager
- How solid is the team?
- Can the company recruit strong team members?
- Preparing the ownership, equity, and stock options of the management team

Assignments.
Demonstrate a minimum Viable Product,- Participants develop a minimum viable product that embodies the essential features of the product or service and the potential solution being solves July 26.

<table>
<thead>
<tr>
<th>Aug.1, 8</th>
<th>10,11</th>
<th>Topics: Preparing an Exit Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Joint Ventures – Someone wants’ out!</td>
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<td></td>
<td></td>
<td>• Roll-ups – economies of scale</td>
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<td></td>
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<td>• VC Financing – Non tangible assets</td>
</tr>
</tbody>
</table>

Readings
Assignments
• Submit the Spinback case.Aug.1.

<table>
<thead>
<tr>
<th>Aug. 15</th>
<th>12,</th>
<th>Topics: Networking, meet and network with class sponsors Final Class Presentations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Panel of invited guests to review business plan oral presentations. Each team will be allowed a 15-minute Pitch for the project.</td>
</tr>
</tbody>
</table>

**ENTREPRENEUR REVIEWS**

Please submit a one to two page review of the entrepreneur guest speaker’s talk. Incorporate the readings into your review where appropriate. Reviews will be due the week after the talk. Reviews will be graded on a basis
Questions to guide the process:

1. How would you rate the business opportunities in the speaker’s company?
2. How would you describe the management entrepreneurship style?
3. How has the presentation enhanced your professional and/or personal growth?

Please note: Reviews will be accepted only in the class following the talk.

Note – Here is the assignment as it appears in the syllabus.

2. Entrepreneur Reviews

Submit a one to two page review of the guest speaker’s talk. (Please see syllabus last page for specific guidelines.) Reviews will be due the week after the talk. Reviews will be graded on a basis of 1-10.