

MGT 581— Entrepreneurship
Spring, 2016

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Course Description: This course is geared towards developing the theoretical and applied knowledge necessary for students to understand entrepreneurship, the entrepreneur, and the new venture creation process as well as stimulating students' alertness towards opportunity recognition and value creation with limited resources.

Course Objectives:

- 1) Understand the main theoretical perspectives in entrepreneurship
- 2) Develop a keener sense of opportunity recognition
- 3) Understand how functional areas/topics differ in the entrepreneurial context

Course Format: In order to achieve the course objectives, students will: 1) read extensive scientific and practitioner entrepreneurship literature, 2) engage in three discussions on relevant entrepreneurship topics using both literature support as well as personal experiences, and 3) develop a comprehensive business plan of a creative entrepreneurial venture.

Communication: The main means of communication for this course will be via Email—I check my email several times per day. If you email me a question that I consider might benefit the rest of the class, I will email the question with a response to the entire class. I do not use all of the functions available on eCollege. Primarily, I will be posting slides and other learning aides in “Doc Sharing” and we will be conducting our discussions (see below) through the “discussion” space in eCollege. Also, you will be submitting your homework assignments and business plan via the “Drop Box” in eCollege. When sending me an email, please include the course number and purpose of the email in the title; I teach multiple classes and this helps me stay organized.

Course Grading:

Discussions (5): 25%

Homework assignments (3): 30%

Business Plan: 45%

General Guideline for Assignments: All assignments (homework & business plan) may be developed in groups of up to 4 people OR individually (the grading criteria and expectations will be the same); these assignments are to be submitted via the dropbox in eCollege. Should you perform assignments in teams, you only need to hand-in one assignment for all the individuals on the team—in other words, each team member does not have to hand-in the assignment as I will give grades to all those whose names appear on the received document. I will offer feedback to the team member who submitted the assignment, and that person will then forward my

comments to the rest of the team. The following formatting guidelines for all written assignments should be used: typed using 12-point Times New Roman font, double spaced, one-inch margins all around, page numbering on bottom of page, no header or footer, and student name, assignment information, and date in upper left-hand corner. Also, please use the class code and an identifier (e.g., the business name for your assignment) when sending any form of correspondence...keep in mind that I receive many emails from the multiple courses I teach.

Discussions: During the semester, I will post discussion questions under “discussion” in eCollege with two objectives: 1) stimulate reflection concerning pressing issues (and hopefully interesting to you) in the entrepreneurship domain, and 2) offer you the opportunity to exchange thoughts and experiences with your peers. The key to quality discussions is the value-added insights you present to the discussion. Therefore, your grade will be based on the degree to which you contribute to the discussion through insightful comments (i.e. simply stating “I also think so...” is not considered insightful). Please keep in mind that I will only consider your postings that are entered no later than **2 full days** after the established date for the discussions on the syllabus. For example, if the date for the discussion on the syllabus shows for Friday the 18th, you will have until midnight of Sunday the 20th to post your comments. The purpose of having a two day window is to keep us all on the same topic during a given timeframe. This will also allow you sufficient time to read the posts by your peers and engage in a meaningful discussion and sharing of thoughts, ideas and insights.

Homework Assignments and final business plan: Each of the three (3) assignments is geared at searching, identifying and conceptually developing new ventures in three different spheres/contexts. In other words, between the three business plan assignments and the final business plan you will have a total of four business plans. None of the business plans should be in the same context as I want for you to be exposed to business opportunities and business models in different environments. For example, you may choose between: innovation & technology, manufacturing, import/export, and a social venture. Specifically, I would like you to explain why you believe that an opportunity exists (i.e., perform a PEST or STEEP analysis, industry analysis, competition analysis and market segmentation), why the concept fills a gap in the market, explain the business model, and expected financial outcomes (see business plan template below). Each assignment should contain two general sources of information: 1) theoretical/conceptual and empirical knowledge, and information from the academic literature (e.g., Journal of Management, Entrepreneurship Theory and Practice, Journal of Business Venturing, or Harvard Business Review) available in the library databases. This information should be used to support your arguments, for example, you may suggest that while using a pay-for-performance compensation structure in Western countries may be beneficial, cultural differences may yield different results in emerging economies (Du & Choi, 2009). 2) I also want you to use other sources available online for more specific information such as learning about social trends (e.g., cell phone usage among teenagers), the specific process to import/export, permits required, financing options from different sources (local banks, SBA, purchase order financing...), specific laws, information on the competition and so on. In other words, you should view your two assignments as case studies (shorter versions of the full business plan) where you will be developing your work based on scientific knowledge and entrepreneurial acumen. I expect that these assignments should contain specific, qualitative and quantitative data and analysis of only relevant information in a ‘writing for business’ (no fluff) format.

Students with Disabilities: The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Office of Student Disability Resources and Services, Texas A&M-Commerce, Gee Library, Room 132 – Phone (903) 886-5150 or (903) 886-5835 – Fax (903) 468-8148 – StudentDisabilityServices@tamu-commerce.edu

Code of Student Conduct: All students will follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. See Student's Handbook, Rules, and Procedures, Code of Student Conduct <http://www.tamu-commerce.edu/studentlife/guidebook67.pdf>. College of Business professors do not tolerate **plagiarism** and other forms of academic **dishonesty**. Instructors “are expected to uphold and support student integrity and honesty by maintaining conditions that encourage and enforce academic honesty. Conduct that violates generally accepted standards of academic honesty is **"Academic dishonesty."** It includes, but is not limited to, **plagiarism (the appropriation or stealing of the ideas or words of another and passing them off as one's own), cheating on exams or other course assignments, collusion (the unauthorized collaboration with others in preparing course assignments), and abuse (destruction, defacing, or removal) of resource material.**” See 13.99.99.R0.10 Academic Honesty at <http://www.tamuCommerce.edu/administration/Rules%26Procedures/rules-procedures.asp?RID=97>. In accordance with the Texas A&M University-Commerce Code of Student Conduct Section 5.b [1, 2, 3], the penalties for students guilty of academic dishonesty include **disciplinary probation, suspension, and expulsion. Also, you will receive an “F” for this course.**

Course Schedule

January

Class 1; Friday 22: Introduction; what is entrepreneurship?

Discussion 1: Entrepreneurship and the economy

Class 2; Friday 29: The entrepreneur and entrepreneurial characteristics (i.e., personality & cognition)

Discussion 2: Entrepreneurs and intrapreneurs (i.e., corporate entrepreneurs); know thy self

February

Class 3; Friday 5: Innovation and entrepreneurship

Class 4; Friday 12: Opportunity recognition

Assignment 1: First business plan

Class 5; Friday 19: Marketing/bootstrapping

Discussion 3: Purchasing an existing business vs starting from scratch

Class 6; Friday 26: Entrepreneurial finance

March

Week 7 Friday 4: Assignment 2: Second business plan

Week 8 Friday 11: Franchising

Discussion 4: Franchisees and franchisors; insights about the franchising business model

Week 9 Friday 18: Spring break

Week 10 Friday 25: Assignment 3: Third business plan

April

Week 11 Friday 1: Family businesses

Week 12 Friday 8: Discussion 5: The pros and cons of the family enterprise

Week 13 Friday 15: work on final business plan

Week 14 Friday 22: work on final business plan

Week 15 Friday 29: work on final business plan

May

Week 16 Friday 6 (last day of class): **Due:** Business Plan

Business Plan

Executive Summary

The team: Who are they, experience, the role of each, and percent ownership?

The product/ service: What are you offering (characteristics) and benefits (differentiation)?

The opportunity: Why do you believe there is an existing demand for the product/ service you are offering?

The offer: How much investment is needed, what percent is being offered, how much debt will the firm have, what is the expected ROI?

The Team

Resume: Each member should have an attached resume.

Organizational structure: Who is reporting to whom?

Assignment responsibility matrix: Who will be in charge of what aspect of the business plan implementation?

Market analysis (environmental and internal scanning)

Industry analysis: What are the industry tendencies; is the industry growing or contracting? What is the industry size?

Target market: Who is our product/ service targeted towards? Why would they purchase what we have to offer? Why will they give-up their current provider?

Competition analysis: Who are the competitors? What are their strengths and weaknesses? What are their strategies (their 'P's')?

SWOT analysis: Identify the strengths, weaknesses, opportunities and threats. Be as honest as possible. Is your strengths list a lot longer than your weaknesses list?

Marketing Plan

Mission: What is the purpose of your business?

Vision: Where do you see your firm in roughly five years?

Objectives: What specific goals have you established regarding, growth, quality etc.? Are they SMART (specific, measurable, attainable, realistic and time-bound)?

Product: What are your product/ service characteristics?

Price: What price will we establish and why? Will we offer discounts or not? Should we group price or charge tag-on an additional charges (ex. should food or luggage in airlines be included or charged separately)?

Publicity: What strategy will we use? What mediums will we use (TV, radio, newspaper, magazines etc.) as well as the frequency and cost of each?

Location: What location will we choose and why? Did you perform a cost/ benefit analysis?

Distribution: How will we reach the final client? Wholesale, retail, internet...?

Manufacturing and operations plan

The product: Does your product have technical specifications? Does it need a patent? Will there be waste? What are the required materials for manufacturing and who are the potential suppliers? Costs?

Infrastructure/ Facilities: Where will you manufacture and what are the benefits of the location? What technical requirements does the facility need? Size? Cost?

Equipment: What equipment is needed and what are the technical specifications?

Production plan: Is it useful to have a flow diagram of the entire process from once an order is placed through production and finally reaching the client?

Financial Analysis

Investment: What will be invested in and how much will be invested? Don't forget that the initial investment should take into account assets, operational losses and working capital. Keep your eye on details for example permits, deposits (ex. rent), salaries pre-inauguration, transportation etc.

Break-even point: What are the fixed costs, variable costs and sales price? How many units do you need to sell to have a cash flow of \$0. Perform a sensitivity analysis to analyze how the BEP will change under different conditions.

Cash flow: This is the most important financial statement. In order to project a cash flow, you may first need to project the income statements and balance sheets. What will your monthly cash flow be like during the first year and then yearly for the next two years?

Return on Investment: What ROI do you expect? Is it worth the risk?

Critical Risks:

What possibly could happen that could significantly impact the potential success of this business? Can you create a mitigation plan for these risks? Can you create a contingency plan for these risks?

Business Plan	Far Exceeds Standards	Exceeds Standards	Meets Standards	Fails to Meet Standards
<p>Executive Summary (10%) A compelling new venture concept should be sold in just a few summarized pages. Rarely will an investor read past the executive summary unless a clear opportunity is presented.</p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;">(10)</p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;">(8)</p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;">(7)</p>	<p>Is able to articulate the new venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;">(6)</p>
<p>The Team (5%) “It’s better to have an A team and a B idea than a B team and an A idea”. Explain how the team members</p>	<p>Detail how each member’s competencies individually and collectively enhance the probability of the</p>	<p>Detail how each member’s competencies individually and collectively enhance the probability of the</p>	<p>Roughly explains how general competencies individually and/or collectively enhance the probability of the</p>	<p>Is not able to explain how each member’s competencies individually and/ or collectively enhance the probability of the new</p>

will contribute to the success of the new venture.	new venture success. (5)	new venture success. (4)	new venture success. (3.5)	venture success. (3)
Market analysis (20%) The overall analysis should include an industry analysis, a detail of the target market, a SWOT analysis, and an analysis of the competitors strategies (marketing P's).	Detailed analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P's of the most direct 5-7 competitors). (20)	Detailed analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P's of the most direct 5-7 competitors). (16)	Detailed analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P's of the most direct 5-7 competitors). (14)	Weak/ vague analysis of the industry and future trends, the target market and their profile, a SWOT analysis, and a detailed analysis of the main competitors strategies (the P's of the most direct 5-7 competitors). (12)
Marketing Plan (20%) The marketing plan should include the mission, vision, objectives (specific), and the P's.	Very detailed and extremely cohesive strategy of product, price, promotion, and place (dist. / location). (20)	Detailed and cohesive strategy of product, price, promotion, and place (dist. / location). (16)	Broad and somewhat integrated strategy of product, price, promotion, and place (dist. / location) strategy (14)	Vague and non-integrated strategy of product, price, promotion, and place (dist. / location). (12)
Manufacturing and operations plan (10%) The successful manufacturing of a product or offering of a service requires a detailed analysis of the product/service being offered, the infrastructure required to manufacture the product or offer the service, the specific equipment needed, and a detail of the production plan or sequence of the service.	Very detailed explanation of the manufacturing process and/ or the offering of the service. Specific details of required infrastructure and equipment, a list of providers/ suppliers and a specific explanation of the production process or sequence of the service. (20)	Detailed explanation of the manufacturing process and/ or the offering of the service. Include details of required infrastructure and equipment, a list of providers/ suppliers and an explanation of the production process or sequence of the service. (16)	Explanation of the manufacturing process and/ or the offering of the service. General infrastructure requirements and equipment, a list of providers/ suppliers and a broad explanation of the production process or sequence of the service. (14)	Vague explanation of the manufacturing process and/ or the offering of the service. (12)
Financial Analysis (20%) In order to financially assess a venture, it is important to accurately calculate the initial investment required, a break-even point, pro-forma cash flows, and the return on investment.	Detailed, break-down of initial investments, break-even point, pro-forma income statement, balance sheet, and cash flow (monthly for the first year and yearly for the first 3 years), and ROI. Also includes justifications for capital structure and expected dividend (20)	Break-down of initial investments, break-even point, pro-forma income statement, balance sheet, and cash flow (monthly for the first year and yearly for the first 3 years), and ROI. Also includes justifications for capital structure and expected dividend (16)	Broad categorization of initial investments, break-even point, pro-forma income statement, balance sheet, and cash flow (for the first 3 years), and ROI. (14)	Very vague expected investments and returns. (12)

	payout. (20)	payout. (16)	(14)	(12)
Critical Risks (5%) Every new venture has risks that may hinder its success or lead to its demise. Therefore, it is important to identify these risks in order to establish mitigation and contingency plans.	Detail the risks (7-10) that may cause problems for the success for the venture and what you can do to mitigate those risks as well as establish contingency plans to be implemented if need be. (5)	Detail the risks (4-7) that may cause problems for the success for the venture and what you can do to mitigate those risks as well as establish contingency plans to be implemented if need be. (4)	Detail the risks (1-3) that may cause problems for the success for the venture and what you can do to mitigate those risks as well as establish contingency plans to be implemented if need be. (3.5)	Fails to consider the risks that may cause problems for the success for the venture. (3)
Peer evaluation (10%) I expect that all members of a team will put forth relatively the same amount of effort towards the homework. In order to secure equity, I want each member to rate the other members on a scale from 1-4 with 4 being the highest score for exceptional work and collaboration.	The peer performed exceptional work, eagerly collaborated on the business plan and delivered what was agreed upon. (10)	The peer performed good work, collaborated on the business plan and delivered what was agreed upon. (8)	The peer performed average work, on occasion collaborated on the business plan and delivered less than what was agreed upon. (7)	The peer performed mediocre work, did not collaborate on the business plan and did not deliver what was agreed upon. (6)