

MGT 308—ENTREPRENEURIAL STRATEGY
Fall, 2018- Section 21E

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Course Description: This course introduces students to the challenges of owning, operating, and marketing a successful small business and the need for entrepreneurial focus in large firms.
Prerequisites: Junior Standing, MGT 305, MKT 306

Course Objectives:

The student will gain an understanding of:

1. The practical challenges of starting/acquiring, operating, financing, and marketing a successful small business including the elements of the business plan. Emphasis is given to understanding, creating and presenting a business plan. This student will be exposed to all elements of a business including company structures, market analysis and plans, management, operations, and financial planning/reporting.
2. Creating and presenting a business plan including the skills required in practical business writing, analysis, and presentation before critical reviewers.
3. The skills required for working as teams to develop a business plan which represents a realistic business situation that could be implemented if a student, student team, or other entrepreneur choose to do so. This includes basic team disciplines for managing and completing projects over extended time periods.

Class Location and Time: Thursday's 1:00p – 3:45p

Course Text: Not Required

Course Grading:

Homework (3): 21%
Business Plan Sections (4): 27%
Final Business Plan: 22%
Execution (either at an Event): 30%

General Guideline for Assignments: All assignments (EXCLUDING homework assignments) are to be done in teams of up to 4 members and handed in physically during class. 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. Peer evaluations only need to be emailed to me if you feel that a member is performing sub-par work. In other words, I will follow a 'management by exception' policy for the evaluations; all members shall receive the highest score UNLESS peers

submit an evaluation with sub-par ratings. The same team members need NOT be on all assignments—you may have different team composition for the different assignments. 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.

Homework assignments

- 1) Interview five (5) individuals from significantly different backgrounds (e.g., students, professors, managers, entrepreneurs) and ask them some of the following sample questions: 1) to define who is an entrepreneur, 2) what are typical characteristics of entrepreneurs, 3) can managers also be entrepreneurs (if so, explain), 4) do you consider yourself an entrepreneur, if so, why? 5) entrepreneurs significantly contribute to the economic and social welfare of a society? If so, in what way, 6) can you please name three (3) pros and three (3) cons of being an entrepreneur, 7) do you think that entrepreneurs feel a greater sense of self-fulfillment than individuals in other professions? Please note that these are only a sample of questions you may ask; I highly encourage you to demonstrate initiative and intellectual curiosity by asking several of your own questions.
- 2) I would like for you to view three episodes of ‘Shark Tank’ and think about and share your thoughts with your peers about the following: 1) what types of businesses were requesting financing, 2) how did they arrive at their valuation (make sure to calculate the value of the business based on how much the owners are willing to give up of the company in relation to the amount of cash the business is expected to generate), 3) did you notice any recurring questions asked by the sharks, 4) what were the primary reasons for rejecting a business and what were the reasons given to finance a business, 5) offer some other insights (what did you find interesting, shocking, intriguing....) about what you learned from listening to multiple pitches from the participants and comments from the sharks.
- 3) This homework involves selecting one type of business and comparing and contrasting three different forms of establishing the business; as a new venture, purchase of an existing business, purchasing a franchise of the business. For example, if you decide to enter into the hamburger business, I want you to compare and contrast all elements of the business plan for establishing a new hamburger business, purchasing an existing hamburger business (you need to find an existing business of this type for sale online) and the purchase of a hamburger franchise business. Take into consideration the following: 1) the brand of the franchise, 2) the demand for the product/service being sold, 3) the cost of the franchise, 4) the franchise requirements such as initial capital, 5) training offered, 6) track record of the franchise, 7) the commissions you are expected to pay the franchise (typically this is a percent of sales), and 8) the amount of marketing performed by the franchise. Please note that this is not a comprehensive list of considerations; your grade will be determined by the level of detail in your analysis. The objective of this homework is twofold: 1) to make you more aware of the pros and cons of different entry forms into an industry, and 2) for you to get used to analyzing an opportunity, the industry, market research and segmentation, marketing plan, operations plan and financial plan.

I am willing to review one (1) draft of each of your assignments prior to final submission. Typically, I take no more than 24 hours to review your work and offer you detailed feedback. Please make sure to allow yourself sufficient time to then address my comments. I strongly suggest you take advantage of the opportunity for me to review your work; typically, groups who request my feedback and address my concerns obtain significantly higher grades than those who do not. However, should you request my feedback and NOT address my concerns in the final draft, your grade will be negatively affected; please keep in mind that reviewing your work takes plenty of time and effort.

Business Plan Sections

The purpose of this assignment is for you to work on, submit and present to the class each section of the business plan. Please note that your final business plan, which is explained next, will be the compilation of all of the business plan sections. Each section of the business plans includes in-depth research and analysis of that functional area (i.e., opportunity recognition, marketing, operations, finance). Each section of the plan will be graded based upon creativity, timeliness, specificity, depth and breadth of analyses, and SUPPORT (qualitative and quantitative) for that particular section of the plan, as well as your team members rating of your contribution. I expect that students take into consideration the feedback that I offer on these assignments when developing their final business plan.

Business Plan

The purpose of this assignment is for you to analyze your immediate environment and exercise your creativity and ability to discover and exploit opportunities by using concepts and tools from many business disciplines such as marketing, operations, finance, accounting, law, and management. This assignment requires that you develop detailed knowledge of the practical business world and an understanding of how the different business disciplines come together in a cohesive manner. The plan will be graded based upon creativity, timeliness, specificity, depth and breadth of analyses, and SUPPORT (qualitative and quantitative) for your business idea, as well as your team members rating of your contribution. Please refer to the attached business plan outline for the structure of your business plan.

As with the assignments, I am also willing to review one (1) draft and offer you feedback prior to your final submission. Again, I strongly suggest you submit your work for my review and comments.

Execution during Lionizing Event or on Campus

The ultimate goal of a business plan is the opportunity to present it in front of important potential stakeholders such as investors, lenders, clients, suppliers and so forth. I want you to have an exhibit of your business plan and/or participate in the business plan competition during the Lionizing Event or on the Collin campus. Your grade will be a function of the creativity and feasibility of your business idea as well as the presentation of your project (i.e., booth layout, decoration etc.) and professionalism demonstrated during the execution of the project at the Showcase.

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

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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. Please be aware that it is YOUR responsibility to ensure that any document**

that contains your name follows these guidelines; all group members will receive the same sanction regardless of who specifically incurred in the infraction.

Course Schedule

August

Class 1; Thursday 30: Introduction The Entrepreneurial Life AND Opportunity seeking; filter of ideas

September

Class 2; Thursday 6: Broad environmental and industry analyses

Due: Homework 1

Class 3; Thursday 13: The Marketing Plan (market research)

Class 4; Thursday 20: **Due:** Paper and Presentation of opportunity/market research

Class 5; Thursday 27: **Due:** Marketing Plan and Presentation

October

Class 6; Thursday 4: Developing an Operations Plan

Due: Homework 2

Class 7; Thursday 11: Financial Plan

Class 8; Thursday 18: **Due:** Operations Plan and Presentations

Class 9; Tuesday 25: **Due:** Homework 3

November

Class 10; Thursday 1: **Due:** Financial Plan and presentations

Class 11; Thursday 8: Family Businesses

Class 12; Thursday 15: Business Plan presentations

Class 13; Thursday 22: Thanksgiving Break

Class 14; Thursday 29: Presentation of projects at Event

December

Class 15; Thursday 6: Presentations of outcomes from Event

Class 16; Thursday 13: Wrap-up and lessons learned

Business Plan	Far Exceeds Standards	Exceeds Standards	Meets Standards	Fails to Meet Standards
Executive Summary (10%)	Is able to articulate the new	Is able to articulate the	Is able to articulate the	Is able to articulate the new venture

<p>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>venture opportunity and present a highly convincing argument for the success of the new venture.</p> <p style="text-align: center;">(10)</p>	<p>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>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>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 will contribute to the success of the new venture.</p>	<p>Detail how each member’s competencies individually and collectively enhance the probability of the new venture success.</p> <p style="text-align: center;">(5)</p>	<p>Detail how each member’s competencies individually and collectively enhance the probability of the new venture success.</p> <p style="text-align: center;">(4)</p>	<p>Roughly explains how general competencies individually and/or collectively enhance the probability of the new venture success.</p> <p style="text-align: center;">(3.5)</p>	<p>Is not able to explain how each member’s competencies individually and/ or collectively enhance the probability of the new venture success.</p> <p style="text-align: center;">(3)</p>
<p>Market analysis (20%) The overall analysis should include an environmental and industry analysis, a detail of the target market, a SWOT analysis, and an analysis of the competitors strategies (marketing P’s).</p>	<p>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).</p> <p style="text-align: center;">(20)</p>	<p>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).</p> <p style="text-align: center;">(16)</p>	<p>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).</p> <p style="text-align: center;">(14)</p>	<p>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).</p> <p style="text-align: center;">(12)</p>
<p>Marketing Plan (20%) The marketing plan should include the mission, vision,</p>	<p>Very detailed and extremely cohesive strategy of product, price, promotion, and</p>	<p>Detailed and cohesive strategy of product, price, promotion, and place (dist. / location).</p>	<p>Broad and somewhat integrated strategy of product, price, promotion, and</p>	<p>Vague and non-integrated strategy of product, price, promotion, and place (dist. / location).</p>

objectives (specific), and the P's.	place (dist. / location). (20)	(16)	place (dist. / location) strategy (14)	(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 payout.	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 payout.	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)

	(20)	(16)		
<p>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.</p>	<p>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.</p> <p>(5)</p>	<p>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.</p> <p>(4)</p>	<p>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.</p> <p>(3.5)</p>	<p>Fails to consider the risks that may cause problems for the success for the venture.</p> <p>(3)</p>
<p>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.</p>	<p>The peer performed exceptional work, eagerly collaborated on the business plan and delivered what was agreed upon.</p> <p>(10)</p>	<p>The peer performed good work, collaborated on the business plan and delivered what was agreed upon.</p> <p>(8)</p>	<p>The peer performed average work, on occasion collaborated on the business plan and delivered less than what was agreed upon.</p> <p>(7)</p>	<p>The peer performed mediocre work, did not collaborate on the business plan and did not deliver what was agreed upon.</p> <p>(6)</p>

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)

Environmental analysis: Perform an analysis of the environmental trends. This will aid you in identifying the opportunities and threats used in the SWOT.

Industry analysis: What are the industry tendencies; is the industry growing or contracting? What is the industry size? Include industry attractiveness based on Porter's 5 forces.

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?