MGMT 437

Entrepreneurship and Business Model Implementation

**Spring 2022**

# Course Contact Information

## Course Websites

Blackboard ULTRA – <https://webcourses.niu.edu>

## Instructor

Tim Michaelis, Ph.D.

[tmichaelis@niu.edu](mailto:rlsheats@ncsu.edu)

Class Location: Wednesdays, Innovation Lab, 3:30 – 4:45p

Office Location: De La Vega Innovation Lab, BH204

**TA/GA**

Nicholas Smith, z1904922@students.niu.edu

## Office Hours

By appointment (Zoom, Teams, Email, Phone)

## Communication Policy

An email address is required for this course. Course announcements will be distributed using the email address listed with Registration and Records. It is the responsibility of the student to ensure that their correct email address is listed. It is highly recommended that you review the NIU email policies and procedures.

I will respond to all emails within 24 hours. If you have not received a response from me within 24 hours, something went wrong. Please email me again.

***Commitment to Anti-racism and Inclusion***

In this class, we will work together to develop a learning community that is inclusive and respectful. Our diversity may be reflected by differences in race, culture, age, religion, sexual orientation, socioeconomic background, and myriad other social identities and life experiences. The goal of inclusiveness, in a diverse community, encourages and appreciates expressions of different ideas, opinions, and beliefs, so that conversations and interactions that could potentially be divisive turn instead into opportunities for intellectual and personal enrichment. Respecting one another's individual differences is critical in transforming a collection of diverse individuals into an inclusive, collaborative and excellent learning community. Expressions or actions that disparage a person's race, ethnicity, nationality, culture, gender, gender identity/expression, religion, sexual orientation, age, disability, socioeconomic background, or marital, parental, or veteran status will not be tolerated.

***COVID-19 Class Policy***

In accordance with NIU guidance, during any week where the campus positivity rate of COVID-19 exceeds 8%, GEOG 368 will be held online and synchronous. Once the positivity rate lowers to below 8%, we will return to meeting face-to-face. Any changes to the schedule will be communicated in class as well as through Blackboard and your NIU email address. Pandemic conditions require flexibility, cooperation, patience, and compassion from all of us. **If you have symptoms of COVID-19, stay home and contact NIU’s COVID helpline (815-753-0444) to report your symptoms and get advice.**I will do my best to ensure you have access to course materials and in-class activities in the event of absences related to your health or the health of others in your care.

# Overview of Course

Financial planning for new ventures includes financial reporting conventions and projection of critical financial data for new ventures. This course will introduce students to fundamental accounting and finance concepts applied in the context of entrepreneurial ventures. Topics include projection of revenues, expenses, capital expenditures, cash flows, and balance sheet amounts; and the creation of pro-forma financial statements. Individual student projects integrate financial projections and pro-forma financial statements with the preparation of a complete revenue model.

The cornerstone of your learning experience will revolve around lectures, class discussions and interactions, experiential learning, guest speakers, reading and research, presentations and a course project. Entrepreneurs are aggressive learners! This course will provide opportunities and guidance to quench your desire for practical knowledge. Entrepreneurs face a complex and demanding environment. A key to entrepreneurial success is the ability to gather, interpret, and retain information utilizing the acquired knowledge towards action. With respect to this approach, all students will be encouraged to think and perform in entrepreneurial terms.

## Credit Hours

This course is 3 credit hours and lasts 16 weeks. Expect to spend 9-10 hours per week reading, researching, working assignments, and completing projects.

## Course Prerequisites

Grade of C or better in MGMT 411 or MGMT 421 or MGMT 427 or consent of department.

Course Learning Outcomes

This course will provide students with foundational principles in financial analysis, revenue modeling and investor relations. When students successfully complete this course, they will be able to:

* To understand fundamental challenges of the financial affairs of a new business venture
* To interpret basic financial statements for a new venture
* To forecast revenues, expenditures, assets, and capital requirements for a new venture; and produce pro forma financial statements
* To converse with prospective investors and financially sophisticated individuals using appropriate accounting and finance terminology
* To have a thorough understanding of funding options and the environments that surround various funding sources
* To run scenario analysis based upon custom financial metrics in order to better prepare for uncertainty in future cash flows, capital expense, and other variation in resources when starting a new venture.
* Actionable knowledge on how to receive and establish relationships with funding agents of new ventures.

Course Delivery and Structure

## Course Components

The course consists of topic modules for each week. Each week there will be some amount of reading, research needs, and homework assignments. The course contains individual projects, quizzes, presentations and a final exam. See the course schedule and grading sections below for more information.

## Technologies

This course uses the following technology.

* Blackboard: [https://webcourses.niu.edu](https://webcourses.niu.edu/)
* PrivCo database and library databases for market research
* Excel

# Course Resources & Materials

## Books required for this course:

* Financial Intelligence for Entrepreneurs, Karen Berman & Joe Knight
* The Customer Funded Business, John Mullins

## Supplemental Readings

* The Lean Startup, Eric Ries
* Zero to One, Peter Thiel
* Getting to Plan B, John Mullins
* Sprint, Jake Knapp
* The $100 Startup, Chris Guillebeau
* The E-myth Revisted, Michael Gerber
* Business Model Generation, Alex Osterwalder & Yves Pigneur
* Commercialization of Innovative Technologies: Bringing Good Ideas to the Marketplace, Touhill, Touhill, and O’Riordan
* Monetizing Innovation: How Smart Companies Design the Product Around the Price, Ramanujam and Tacke

***Helpful Resources***

|  |  |
| --- | --- |
| [www.businessownersideacafe.com](http://www.businessownersideacafe.com/) | A creative site for small business owners |
| [www.eventuring.org](http://www.eventuring.org/) | Leading site for research into new ventures |
| [www.startup.wsj.com](http://www.startup.wsj.com/) | Excellent business plan tools |
| [www.sbaonline.sba.gov](http://www.sbaonline.sba.gov/) | Comprehensive government site |
| [www.ideas.com](http://www.ideas.com/) | For entrepreneurs in search of new ideas |
| [www.startupstreet.com](http://www.startupstreet.com/) | A general resource for entrepreneurs |
| [www.invisionapp.com](http://www.invisionapp.com/) | A resource for prototyping Apps |
| [www.squarespace.com](http://www.squarespace.com) | Build your own websites |
| [www.fiverr.com](http://www.fiverr.com/) | Design your logo |
| www.o\*net.com | Research job descriptions and salaries |
| [www.rawshorts.com](http://www.rawshorts.com/) | Create a free explainer video for your business venture |

# Course Grading & Assessments

| **Assessment** | **Percentage** |
| --- | --- |
| Quizzes | 30% |
| Interviews | 10% |
| Participation (PrivCo Activity, Lectures, and Discussion) | 20% |
| Market Analysis, Sales Projections, and VoC | 20% |
| Assumptions sheet w/ Complete Pro Forma Statements | 20% |
| TOTAL | 100% |

Your grade will translate to letter grades as follows:

| **Percentage** | **Letter** |
| --- | --- |
| 93-100 | A |
| 90-92.99 | A- |
| 85-89.99 | B+ |
| 80-84.99 | B |
| 75-79.99 | C+ |
| 70-74.99 | C |
| 65-69.99 | D+ |
| 60-64.99 | D |
| 0-59.99 | F |

## Assignments (all due dates posted via Blackboard)

## Quizzes

At least 3 Quizzes are given throughout to semester to test the retention and understanding of the content from lectures and research. The “Final Exam” will be the final Quiz.

## Interviews

Each student will provide a **full one page**, single spaced, typed synopsis of information obtained from one interview. Each synopsis should be submitted via Blackboard. The subjects of your interviews will be individuals who can provide information that will assist the development of your financial plan and/or broaden your understanding of entrepreneurship finance. You must find the entrepreneur on your own, without help, which is a part of the assignment. Grading will be based on the quality and completeness of the write-up and interview. For help, example questions are provided on Blackboard.

The interviews must be focused on the following subjects:

An Entrepreneur that has raised $1M+ in equity funding

An Entrepreneur that has raised < $100k in equity funding

For proper credit to be assigned - put your name at the top of the sheet. Contact information of the interviewee must be included (business name, name, email, and/or phone number).

## Market Analysis and Sales Projections (2 pages written + sources)

The market analysis will include the articulated customer problem you are trying to solve and framed using the value proposition template from class. You must have 5 sources of information, properly formatted (be consistent, MPA, APA, Chicago, etc.) in order to receive full credit for this assignment. Use the slides from class on “Market Analysis & Sales Projections” to structure your analysis.

## Voice of the Customer Analysis (VoC) (1 page written)

As part of your market analysis, in groups, you will complete a full VoC analysis, which is the most widely used (out of all companies today) analytical technique to detecting unarticulated customer needs and converting these needs into an actionable plan for product managers to create new products and services (i.e., to innovate). We will dedicate one week to this topic in class. The project includes (a) conducting a minimum of 20 transcribed interviews (approximately 30 minutes each) on a specific product, (b) condensing the interviews into unique customer needs (phrases and topics on how to improve the current product or solve the customers problem), (c) An analytical assessment of the most important unarticulated needs by performance and importance, to be graphed on an X and Y axis, and (d) A one page description of how to utilize the information learned to develop a new product or innovate and improve upon an existing product.

## Pro-forma Financial Statements Assumptions Sheet (3 pages written + sources)

Since we will be discussing the documents that are necessary to obtain funding for a new venture, it is essential for students to have a thorough understanding of how to create these documents properly. Students will be required to create pro-forma documents for the funding environment based on the guidelines discussed in class, and be prepared to present these assignments to the class. Failure to submit the assignments by each due date will result in an “F” for that assignment. All assignments must be submitted via Blackboard on the assigned due date.

# Policies and Procedures

***Attendance Policy***

Attendance will be collected electronically through watching the video lectures and completing the PrivCo activity. Your final grade will be reflected at the sole discretion of the instructor.

***Academic Integrity***

All individual assignments must be a result of your individual effort. All team assignments must be the work of the team members only. In accordance with the academic integrity policy of NIU, all violations of these rules will be referred to the Judiciary Committee. ***Please note:* Plagiarism, cheating, or any other form of academic misconduct will result in a course grade of F regardless of any other performance considerations**. Plagiarism occurs when a writer uses someone else’s language, ideas, or other original material without acknowledging its source. To prevent plagiarism, you need to correctly cite your sources. Learn how to cite your sources and how to paraphrase well. If you have any questions about what is necessary to be academically honest, please contact the instructor and ask! Additionally, Safe Assignment (BB) allows you to submit a rough draft and receive feedback on the level of plagiarism present in the assignment, and “test” your papers (they will only be available to you). I strongly encourage you to take advantage of this tool.

***Students with Disabilities***

If you need an accommodation for this class, please contact the Disability Resource Center (DRC) as soon as possible. The DRC coordinates accommodations for students with disabilities. It is located on the 4th floor of the Health Services Building, and can be reached at 815-753-1303 (V) or [drc@niu.edu](mailto:drc@niu.edu). Also, please contact me privately as soon as possible so we can discuss your accommodations. Please note you will not be required to disclose your disability, only your accommodations. The sooner you let me know your needs, the sooner I can assist you in achieving your learning goals in this course.

***Preferred Name***

Class rosters and University data systems are provided to faculty with the student's legal name and legal gender marker. As an NIU student, you are able to change how your preferred/proper name shows up on class rosters. As a faculty member, I am committed to using your proper name and pronouns. We will take time during our first class together to do introductions, at which point you can share with all members of our learning community what name and pronouns you use, as you are comfortable. Additionally, if these change at any point during the semester, please let me know and we can develop a plan to share this information with others in a way that is safe for you. Should you want to update your preferred/proper name, you can do so by looking at the following guidelines and frequently asked questions: <https://www.niu.edu/regrec/preferred_proper_name/index.shtml> <https://www.niu.edu/regrec/preferred_proper_name/preferrednamefaq.shtml>

***Course Policies***

1. The professor reserves the right to make changes in daily assignments. Any changes will be announced in class or on blackboard. Students who miss class are responsible for obtaining this information and for making sure that blackboard has the e-mail address that they check on a daily basis.
2. Please observe the Barsema Hall policy that prohibits the consumption of food or drinks, other than bottled water, in the classroom. Doing so will help assure that we will always be proud of Barsema Hall.
3. **To be absolutely fair to everybody, there will be no exceptions made to any students for grades without any exceptions. Final grades are not open to further discussion and they will be determined based on the following scale.**

| **Percentage** | **Letter** |
| --- | --- |
| 93-100 | A |
| 90-92.99 | A- |
| 85-89.99 | B+ |
| 80-84.99 | B |
| 75-79.99 | C+ |
| 70-74.99 | C |
| 65-69.99 | D+ |
| 60-64.99 | D |
| 0-59.99 | F |

# Course Schedule

The course schedule is subject to change during the semester. I will notify you of any schedule changes.

|  | Content | Deliverables |
| --- | --- | --- |
| Week 1  1/19 | Syllabus  No in person class this week | Read the syllabus  Purchase books |
| Week 2  1/26 | Introduction  No in person class this week | Pick final project company  *Venture Value Proposition (1pg)* |
| Week 3  2/2 | Sources & Stages of Funding | CFB book, Ch. 1 – 2 |
| Week 4  2/9 | Sources & Stages of Funding  Value Propositions | CFB book, Ch. 3 – 4 |
| Week 5  2/16 | Private Investors & Crowdfunding  Voice of the Customer (VoC) | CFB book, Ch. 5 – 6  *VoC Katz Chapter* |
| Week 6  2/23 | Sales & Market Analysis  Revenue & Pricing Models | CFB book, Ch. 7  *Quiz 1*  *(VoC, CFB 1-6, Funding)* |
| Week 7  3/2 | Using Databases  PrivCo Venture Database  Venture Capital & Angel Investing | Read FIE book, Part I  Watch database resource videos  *PrivCo activity* |
| Week 8  3/9 | Workshop days  Marketing and Sales Forecast  (12 months) | Read FIE book, Part II& III  *Marketing and Sales Forecast Due* |
| Week 9  3/16 | NO CLASS (SPRING BREAK) |  |
| Week 10  3/23 | Financial Pro-forma Overview  Income Statements | Read FIE book, Part IV & V  *Quiz 2 (FIE: I, II, & III)* |
| Week 11  3/30 | NO CLASS | Read FIE book, Part VI |
| Week 12  4/6 | Cash Flow Statements  Projecting years 1-2  Legal Structures & Forms  Financial Ratio’s | Read FIE book, Part VII |
| Week 13  4/13 | Founder’s Agreement, Cap Charts, Vesting Schedules  Workshop week (final projects) | *Final projects due next week* |
| Week 14  4/20 | FINAL PROJECT  WORKSHOP CLASS | *Interviews due*  *Assumption Sheets due – 2 Years* |
| Week 15  4/27 | Financial Modeling,  Valuation, Term Sheets, Convertible Notes, Exit Strategies, Unit Economics: “CAC, LTV & BE” |  |
| Week 16  5/4 | Final Exam – Quiz 3 | *Final Exam: Quiz 3 (FIE: IV+)* |