KIEI-967: Launching and Leading Startups

Syllabus

Spring 2019

Professor Brad Morehead
Phone: 847-989-8779 (cell)
E-mail: B-Morehead@Kellogg.Northwestern.edu

Professor Will Daly
Phone: 847-924-7924 (cell)
E-mail: william.daly@kellogg.northwestern.edu

CONTENTS

Course Overview ................................................................................................................................................................ 2
Course Format and Expectations ........................................................................................................................................ 4
Course Requirements and Assignments .......................................................................................................................... 5
Office Hours .................................................................................................................................................................... 6
Launched and Leading Startups (KIEI-967) is a broad, survey course for innovative, entrepreneurially-minded students. It examines six of the biggest and most challenging topics that entrepreneurial CEOs must solve and then implement for their startups to succeed, from mitigating risk to determining effective go-to-market strategies to what it’s like to manage the board and investors while in the CEO hot seat.

The course has been designed to appeal to students who are interested in working in a startup environment, whether they want to launch their own business, buy a small company, work within an early-stage startup or work as an “intrapreneur” inside a larger firm.

It is a case-driven course that examines the following six key areas of launching and leading startups:

- **Determining and Mitigating Risks**: What assumptions, if you’re wrong, could kill your new venture? We will examine this topic by: a) demonstrating the fast, iterative testing methods of the lean startup, b) looking at a startup’s fundamental business model economics, using a simple unit level modeling tool to gauge and test where the biggest risk factors reside and c) examining the critical key performance indicators for a startup.

- **Product-Market Fit**: Startup ventures often fail because the entrepreneur fails to achieve “product-market fit.” They build a solution to a problem that doesn’t exist, or they fail to build a solution that actually solves a real problem. We will examine areas such as: market attractiveness, market segmentation and competitive differentiation, the value proposition, the role of prototyping and what “market traction” looks like.

- **Go-to-Market Considerations**: One of the biggest reasons new ventures fail is because entrepreneurs are unable to get their product/service in the end user’s hands in an economical and scalable way. We will examine marketing and customer acquisition economics, partnership and channel strategy, methods of revenue generation and how to position and sell your idea.

- **Executing on Your Strategy**: You now have a plan for your product, you’ve identified a market and a strategy, but you know the saying from Robert Burns’ poem that “The best laid plans of mice and men often go awry”. What is required to successfully execute on your strategy? What happens when things change (as they inevitably do when competitors enter, customers change or vendors react)? When do you stick to your plan and when do you adapt? What partners, employees and other resources will be the difference between success and failure?

- **Being the CEO**: Successful entrepreneurial CEOs share a handful of traits and behaviors, which we will examine: self-understanding and self-regulation, grit and tenacity, optimism, flexible thinking and learning agility. Second, we will examine people and culture. Whether you like it or not, as an entrepreneurial leader you are the Chief People and Culture Officers of your startup. Third, we will examine the importance of good board management. We will analyze successful board/mentor relationships and how to develop a process for selecting and successfully working with a board while augmenting those relationships with successful mentors.

- **Startup Funding**: We will look at how various types of investors, including angel investors, seed funds and venture capitalists examine start up opportunities and value them. We will look at the various tools they use and their negotiation methods as well. We will also discuss funding options, from debt financing to equity funding.

Launching and Leading Startups contains both individual and team-based exercises and field work. After select topics and cases, entrepreneurs, investors and board members will also come into the class, offering their real-world perspectives on the topic of focus. Grading will be based on the performance on case assignments and exercises as well as overall class participation (which is critical given that this is a case-driven class).
This course is useful whether you want to pursue an entrepreneurial path by starting or acquiring a business or innovate inside an existing firm. Ultimately, the goal was to develop a class that helped you understand some of the critical challenges that come with the position of being an entrepreneurial CEO and how to navigate them.

WHAT THIS COURSE DOES AND DOES NOT COVER:

The content that we will cover includes: risk assessment, market sizing, product-market fit, the basics of discovery-oriented market research, developing a compelling value proposition, go-to-market strategy, (including channel and partnership strategy, and pricing and demand generation), the basics of the Business Model Canvas and a host of challenges that come with executing as a startup CEO, from identifying sources of growth capital and selling your idea to capital sources (such as angels and seed venture capitalists) to determining business priorities to managing your board.

This course does not cover: anything related to any individual student’s startup-in-progress (that would be the New Venture Formation/Discovery class or New Venture Development class) or acquiring businesses (that would be the Entrepreneurship Through Acquisition class). And while we will touch on startup funding, we will not cover it in detail. If you want more depth on this topic, we recommend taking Entrepreneurial Finance.

WHO THIS COURSE WAS DESIGNED FOR:

This course was developed for:

1) Those who want to pursue an entrepreneurial career and are taking this course to develop and pursue new business ideas or the acquisition of a growth company;

2) Those keenly interested in a career path in business innovation, whether it’s in a new venture or innovating inside a larger firm (i.e. “intrapreneurs”);

3) Those who are curious about a career in entrepreneurship and innovation and want to better understand what it entails and explore if it fits well with their inherent personality traits and talents.

WHO SHOULD NOT TAKE THIS COURSE:

1) Students who are only interested in working on their own business ideas.

2) Students who aren’t interested in engaging in field research and aren’t prepared to participate DEEPLY in the classroom with their peers.

A WORD ON TEAMS:

This is a team-oriented course with some individual assignments. Grading will be largely based on work done by student teams on cases. Students enrolling in this class will be working in teams of 3-5 students.

Your team will operate just like a start-up Executive team. You will form teams during class based on your ability to assemble the most-effective team possible given certain constraints. In other words, you’ll likely not be in the position to construct a team with your favorite peers.
COURSE FORMAT AND EXPECTATIONS

FORMAT:

*Launching and Leading Startups* consists of ten classes, each in a three-hour session. Classes will vary in format, from lectures to group discussions, cross-team collaborations and exercises to student presentations or guest speakers and panels. The environment will be dynamic and collaborative.

All readings and homework MUST be completed BEFORE the class. We will not be restating in detail what was covered in those readings or videos, but rather the goal will be to delve deeper into a particular topic area, by lecturing, through class discussion, and by bringing in a guest who has deep experience in that area. This format has been successful in top business schools, but it only works if everyone is prepared before class. WE WILL COLD CALL—A LOT, so please come to each and every class prepared.

In each session, we will address a topic of relevance for starting, leading and growing a successful venture. You will use frameworks and tools that are useful in assessing the market potential of a new venture. You will learn from the experience of other entrepreneurs to understand the reasons why and how they succeeded or failed. Most importantly, you will discuss and debate your ideas with your fellow team members and classmates, building and refining them along the way.

EXPECTATIONS:

First and foremost—come prepared to contribute in class. This is a lean-in class where everyone benefits the more that everyone is engaged. There are very few “right” answers in entrepreneurship, instead there are just choices and tradeoffs that you and your team make. The active debate in our class around these entrepreneurial tradeoffs will come from your preparation prior to class and engagement during class. Your active listening, debate, constructive criticism and thoughtful brainstorming will help each other learn how to be more successful entrepreneurs. If you prepare, we promise you’ll learn a lot and you’ll give your entrepreneurial career the best possible chance of succeeding.

Specifically, we have these expectations of each person in the class:

1) **Come to class prepared to share** what you’ve learned from readings, personal experiences and fieldwork or research/experiments. **Be prepared and ready to summarize and discuss key points** from the readings, cases or videos.

2) **Attend every class, be on time** (which means be early - punctuality is a sign of commitment and respect) and stay for the entire session. If you have an unavoidable conflict and cannot attend class, please email us 24 hours in advance. **If you miss more than one class, it will affect your grade.** 60% of your grade is based on class contribution and case prep. **If you are early, you are on time. If you are on time, you are late. If you are late, you may as well not bother showing up. Being on time means that by the official start time of class, you are:** (1) seated in your designated seat with your nametag properly displayed, (2) focused without any digital (or other) distractions and (3) prepared for discussion.

   Please note, attendance at the first class is mandatory. If you do not attend the first class, your enrollment will not be confirmed, and your place will be given to member of the waitlist.

3) **Don’t be distracted by devices/internet in class.** We will allow the limited use of silent-mode laptops and tablets (please make sure your phones are turned off) in the classroom for class exercises and note-taking, unless we see students surfing or disengaged, in which case we will be forced to change this position and not allow any hardware in class and the rest of the class will unfortunately suffer. The only exception to this is
when we have a guest speaker—in these cases please do not open any hardware. This position is subject to change at any time at the sole discretion of the Professors.

Note-taking versions of select materials from class presentations will be shared with the class electronically via Canvas, in advance of the class. We recommend that you print out the presentations and write in the margins/notes section as appropriate.

This course adheres to the guidelines established in the Kellogg Honor Code and the Kellogg Code of Classroom Etiquette.

In summary, treat this class as you would an important business meeting. This means you would arrive on time (probably early) and would be well prepared to engage in a meaningful way.

By the way, if some of the above seems a bit severe, it’s not meant to. We simply want to create the best possible environment in which you can learn. We will have fun in this class! Entrepreneurship is inherently fun and we will bring a lot of energy to the topic...

COURSE REQUIREMENTS AND ASSIGNMENTS

Your final grade is composed of:

- Assignments 40% 40,000 points Group
- Weekly Case Prep Questions on ForClass 30% 30,000 points Individual
- Class Contribution 30% 30,000 points Individual
- Peer Evaluation “on the margin” Individual
- Total 100% 100,000 points

ASSIGNMENTS - 40% (GROUP)

On many weeks, you will receive an individual or group assignment (including case write-ups, exercises or short presentations) to be completed and turned in by 7:00 p.m. CT the day before class. Please prepare for every class session, with an eye to how the assignment and material will help you improve and refine your skills as a CEO or leader of an entrepreneurial organization. Again, assignments will be submitted via Canvas by 7:00 p.m. Central Time the day before class.

Group Assignments (are in addition to any other reading, case questions, etc.) and include:

1. Tovala Market Research Assignment – 10,000-point potential per team member
2. Rent the Runway Unit Economics Calculator Assignment – 10,000-point potential per team member
3. Business Model Challenge Assignment – 10,000-point potential per team member
4. One Additional Assignment – 10,000-point potential per team member

You can choose to distribute the points you earn on each assignment across team members as agreed to by your group. Report allocation back to Professors and TA by email within 24 hours of receiving your grade (this is your startup’s “financial statement reporting” to the “Board”).
WEEKLY CASE PREP QUESTIONS ON FORCLASS - 30% (INDIVIDUAL)

All cases (including the case prep for the first class) will require students (individually) to use Canvas to submit answers by 7:00 p.m. Central Time the night before class to the relevant case prep questions. All answers in Canvas will be graded and should be submitted individually even if other parts of the assignment include group work.

CLASSESS DISCUSSION AND CONTRIBUTION - 30% (INDIVIDUAL)

All class sessions will thrive based on your active discussion of the readings, lectures, speakers & panelists as well as your completion of weekly assignments that will both further your new venture concept and allow you to participate in class more fully. You must come prepared to debate and share your best ideas, and listen to and interpret the ideas presented by others. Most participation will be voluntary; however, in order to ensure that everyone has the opportunity to be involved, students will be cold-called, especially if we believe they’re unprepared or not paying attention.

PEER EVALUATIONS - SUBJECTIVE (INDIVIDUAL)

Each student will allocate 100 points to the members of his/her team describing the contribution that each member made, including himself/herself. If there is a meaningful discrepancy in the contribution of team members, we reserve the right to adjust the team portion of their grade accordingly.

TURNING IN ASSIGNMENTS

Note that all homework and case prep questions are due by 7:00 p.m. the day BEFORE class starts via Canvas, as directed by the Professors for each assignment.

OFFICE HOURS AND CONTACT INFORMATION

Brad Morehead (Professor):

Brad will be available to meet by appointment.

He can be reached at b-morehead@kellogg.northwestern.edu or via cell (text preferred) at 847-989-8779.

Will Daly (Professor):

Will will be available to meet by appointment.

He can be reached at William.daly@kellogg.northwestern.edu or via cell (text preferred) at 847-924-7924.

Nisha Karna (TA): nisha.karna@kellogg.northwestern.edu