

TUFTS UNIVERSITY  
FLETCHER SCHOOL OF LAW AND DIPLOMACY

STARTING NEW VENTURES  
EIBB 212

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Syllabus: Requirements, Overview and  
Provisional Daily Assignments

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Note:

A computer assignment is due at  
**11:00 a.m.** of the day of each class.

THIS IS A BASIC COURSE REQUIREMENT.

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Aug 17, 2022

# COURSE REQUIREMENTS, GRADING, AND OTHER POLICIES

This memo describes the two special requirements for the Starting New Ventures course—the final paper and the (almost) daily computer exercises. It also discusses the grading and other course policies.

## 1. FINAL PAPER

### Critical History of a Successful Entrepreneurial Venture

Instead of a final exam, you will form self-selected groups (of up to 3 students) to write papers on what you consider to be a successful venture. The venture does not have to entail the creation of a new business – you can write about new initiatives undertaken by existing businesses such as the launch of a new product, entry into a new geographic market, or securing new sources of supply overseas. You can also write about the ventures of a historical figure like Walt Disney or George Westinghouse.

You must however pick a venture where you can make a credible case that the entrepreneur (or the shareholders of an existing company) earned a reasonable return on time and money invested. Do not write about recently launched ventures that merely show promise: a five-year record is a good minimum.

I also would not consider a venture that has raised large amounts of money but has not produced correspondingly large sales or profits (or has provided a profitable exit for its founders) a success. The venture does not, of course, have to be a smashing, comprehensive success.

Base your paper on interviews and/or public data. To the extent you rely on public data, **you must carefully document your sources and indicate how you “added-value” to your source materials.**

The contents of the paper should have three segments which:

*Describe* the basic story of the venture and the entrepreneur(s) who made it happen. Your narrative should include the entrepreneur's background, the factors creating the opportunity, the obstacles faced, the means adopted to establish competitive advantage, significant milestones and so on. (40% of credit)

*Evaluate* the strategies employed and the results obtained: What really made the venture a success? By what criteria was the venture successful? Where did it fall short? What did you find particularly admirable or insightful about the entrepreneur's actions? How could they have been improved upon? (30% of credit)

*Reflect* upon the broad ideas illustrated by the specific story. What general principles or rules of thumb did the story of this venture reinforce in your mind, lead you to modify, or cause you to reject? What did you learn that will influence your career in the next five years? (30% of credit)

Your papers should be about 5,000 to 7,500 words long (10- 15 single spaced pages plus appendices) with the length of each segment roughly reflecting the credit assigned.

*Tales from Successful Entrepreneurs* provide good models for content, length, and topic.

### Other Guidelines

- Pick an industry that interests you and an entrepreneur you expect can provide a good role model for you. Thus, for example, you should prefer an alumnus of Fletcher or another professional school to a high-school dropout.
- Make your descriptions and analyses precise and factual. Specific data about costs, market shares, time to market, and so on will enrich your work. You may, in fact, consider much of your paper to be a sort of business plan written with the benefit of hindsight. (I don't expect you, however, to obtain the income statements and balance sheets.)
- Interviewing the entrepreneur will greatly enrich your learning. Entrepreneurs, however, may not easily give you the time that you wish. Therefore, think carefully about the question of access to your subject and the availability of data. Additionally, Tufts rules require you to secure IRB permissions for any interviews you conduct. (I believe permissions are readily granted for projects of this sort.)

- To minimize your expenses, conduct your interviews over the phone or pick a local subject.
- Settle upon an entrepreneur and venture by the end of the fourth week of the course.

### Non-Negotiable rules

- Teams of up to three students may work on a single paper. (Under no circumstances, four or more).
- Limit your paper to 7,500 words – approximately 15 single-spaced pages. Attach exhibits or appendices as you see fit but note that I will not give additional credit for bulking up the paper.
- Your paper MUST be properly “sourced”/annotated. If it’s all from your interviews with the entrepreneur, say this on a footer in the first page. Everything from public sources must be individually annotated. A general “bibliography” at the end of the paper will not be adequate. A reader must be able to identify where every fact in your paper came from.
- Don't base your paper on a parent's or your family's business.
- Share these instructions with the entrepreneurs you interview.
- I will grade the papers independent of team size: for example, two-person and three-person papers of the same quality will receive identical grades.
- You are responsible for your expenses; the school will not reimburse you for telephone calls, travel, and so on.
- Give the entrepreneurs you interview an opportunity to comment on at least the descriptive or narrative segments.
- Check with me before you pick your subject. There are some ventures that have been covered repeatedly in previous years and multiple teams approaching the same person can be annoying.

### Criteria for Evaluating the Papers

A good paper\* will:

- Clearly identify the competitive and other contextual barriers faced by the entrepreneur and how they influenced what he or she did. Make sure that you have done adequate research on the dynamics and key success factors of the business that you are writing about. Ask yourself: ‘Does my paper provide useful facts and a good guide to someone seeking to enter the business or the industry that I am writing about?’
- Provide rich details about concrete actions: how precisely did the entrepreneur make a sale, recruit a key employee, or secure a bank loan.
- Cover an interesting venture and a candid entrepreneur. In some cases there simply isn’t enough material to write a good paper. Pick your subject carefully – unless you do, you might end up wasting your time and writing a marginal paper, no matter how much effort you put into it.
- Explain the dynamics of the entrepreneur's actions --how one decision or action led to another or precluded some other option.
- Avoid clichés and will focus on the surprises. For example, unless there is a compelling reason to do so, do not mention that the entrepreneur found great intrinsic satisfaction in launching the venture and had always wanted to be in control of his or her own destiny. But a finding that the protagonist had no desire to be an entrepreneur or got bored with the venture may be noteworthy!

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\* Your course packet contains a compilation, *“Tales from Successful Entrepreneurs”*. It consists of final papers written by students who had taken this course in earlier years. I consider them as examples of good, although not necessarily perfect papers.

- Provide concrete do's and don'ts. Ask yourself: 'Does my paper provide any rules of thumb to someone making a sale, recruiting employees or securing bank loans?' ('Be persistent' does not count as useful rule of thumb. Concrete ideas on how to be persistent without being annoying does.)
- Critique the steps taken by the entrepreneur by comparison with other entrepreneurs in similar situations. The lack of such comparisons (or dubious 'pro-forma' comparisons) provides a clear indication of a "bad" paper.
- Provide good and complete evidence to back evaluations and lessons learnt.
- Develop a rich set of lessons or theory that:
  - **Draws on comparisons with the cases we discuss in class and are contained in the reading materials as well as other ventures you are familiar with.** You cannot draw many sensible inferences on a "sample of one" (i.e., the subject of your paper).
  - Challenges or modifies the knowledge and ideas that you have encountered in this or your courses. **At a minimum your paper should contain concrete evidence that you have learned something at Fletcher!** If you are writing about fund raising tasks for instance your paper should reflect what we studied in this course of your other coursework in finance.
  - Discusses the conditions under which the lessons might not hold (I usually find "if-then" type statements more interesting than absolute claims).
- Be well written – and at least 5,000 words long – without ‘padding.’”

## 2. COMPUTER EXERCISES

You are required to complete a brief computer survey before **11 a.m.** of the day of most classes. The survey typically requires you to make a decision [e.g., "I would/would not pursue the X opportunity] and indicate, in bullet point form, the main reasons for your choice. Only a few more minutes of work than is required for routine preparation is involved. In all, these exercises will require an additional 1 to 1 1/2 hours' work over the course of the term.

My experience suggests that this modest investment will yield you attractive returns, including 1) Practice in making the decisions that entrepreneurs typically face. 2). Classes whose members are better prepared and, more importantly, have a point of view. 3). Broader participation: the instructor can draw in the quieter, well-prepared students with prior knowledge of their perspective on the case.

As with routine preparation, you may work in groups and agree on a common response. But you should enter responses individually and be prepared to defend your positions in class.

The exercises (like normal preparation) are required but not graded. If you do not enter your response, I will assume you faced a personal emergency, and have therefore also not prepared the material. You may, of course, attend class, but you shouldn't expect to participate that day or receive any credit if you do. I take attending class, electronically and in person, seriously. Missing more than 3 electronic submissions (or as noted below, 3 classes without good cause) will lead to a grade of B (or lower).

If you have a problem logging on to the system (because the server is down, for instance) do not waste too much time trying to submit your response. Just send me an email telling me that you tried to submit your responses but couldn't; I will take you at your word.

## 3. GRADING METHODOLOGY

In the normal course, grades will be equally distributed between As, A-s, B+s and Bs. In other word, a fourth of the enrolled students will get an A grade, a fourth will get an A-, a fourth a B+ and a fourth a B. In exceptional circumstances someone could get a B- or a failing grade instead of a B.

The grading methodology I will use is based on the following principles. 1) I place more emphasis on regular and conscientious contribution than on occasional brilliance. 2) I value learning over “accurate” grading. Thus for example, I do not use “difficult” exams, merely so that they will lead to “objective” grading scores. 3) I have greater confidence in my ability to evaluate the quality of your written work than I do your oral comments in class.

To implement these principles, I divide class participation and papers into five buckets, 1 (top 20%) through 5 (bottom 20%) and use lead the following grading scheme:

### **Allocating As and A-s.**

I will give As and A-s until I get to the requisite number (25% and 25%) in the following order:

- ‘1’ paper + ‘1’ participation
- ‘1’ paper + ‘2’ participation
- ‘1’ paper + ‘3’ participation
- ‘2’ paper + ‘1’ participation
- ‘2’ paper + ‘2’ participation
- ‘3’ paper + ‘1’ participation
- ‘2’ paper + ‘3’ participation

### **Allocating Bs and B+s.**

Failure to meet requirements will lead to an automatic B (or worse). Specifically, more than two absences without good cause, or two missed e-mail submissions constitute a failure to meet requirements. “Good cause” for absences covers illnesses, family emergencies, and religious observances. They specifically **do not** include attending weddings and interviews or other recruiting related events. If you choose to miss class for these reasons, your absence will be counted towards your “quota” of three classes.

I draw the other Bs in the following order (until I reach 25 percent of enrolled students).

- ‘5’ paper + ‘4’ participation
- ‘5’ paper + ‘4’ participation
- ‘5’ paper + ‘3’ participation
- ‘4’ paper + ‘5’ participation
- ‘4’ paper + ‘4’ participation

All other students (arithmetically must account for 25 percent)

Note that this scheme makes it possible to get a ‘B’ even with stellar comments (by missing classes or e-mails) or with average participation (by writing a bottom 20% paper). Moreover, I reserve the right when warranted by circumstances such as the missing or late attendance of many classes or for submitting a truly bad paper, to give an B- or a failing grade. (I have in fact done this at other places where I have taught; I have also required students to drop the class for poor attendance).

### **Coming late to class**

You will not be allowed into the classroom after the scheduled start of the class. Tardiness disrupts case discussions and devalues the effort of everyone else who does show up on time. You may not however be able to make it on time because of family emergencies, unexpected transportation breakdowns etc. If this happens, instead of showing up late please send me an email telling me why you couldn’t make it. I won’t count it as a “missed” class. I will also gladly review the slides and class discussion for you if you come to see me about it later. (This offer obviously does not apply to classes missed without good cause. I will not for instance review slides etc. if you couldn’t make it to class because you had an interview or ‘got into conversation with someone.’)

I will implement these policies under an honor system. In other words, if you tell me that you did not make it to class because you were delayed in a traffic accident or because you had to see a physician, I will take you at your word.

### **Seating arrangements**

Whatever seat you “settle into” in the first week or two, will be your seat for the rest of the term.

## COURSE OVERVIEW

Courses in entrepreneurship have gained popularity in business and other graduate programs everywhere, but it is not clear just what should be taught and how. In contrast to accounting, for example, entrepreneurship lacks a defined technical base or discipline. Moreover, individuals and organizations ranging from street vendors to transnational corporations all espouse entrepreneurial activity, which suggests that the topic should permeate all of business education. What can the focus of a special course in entrepreneurship possibly be?

The mission adopted for the Starting New Ventures (SNV) course is to prepare graduate students to start and nurture their own businesses. The mission is based on the premise that student interests lie mainly in starting and building ventures in which they have a significant equity stake. Top professional schools admit students with great talent and high long-term expectations of responsibility, autonomy, and financial reward that a pyramidal corporate world cannot easily satisfy. Of the many that start in large corporations, only a can rise to the top. The rest are subject to implicit or explicit up-or-out policies or are shunted to unsatisfying and unrewarding positions.

Therefore, although only a handful of students start businesses right out of school, a large proportion will attempt this to do so some years later. The SNV course seeks to develop the knowledge, skills, and attitudes that will support and enhance their entrepreneurial activity.

The remainder of this note elaborates upon the salient and distinctive features of the SNV course. These include:

- Studies I conducted on entrepreneurial ventures. A distinctive aspect of this course is its strong scientific base—the contents derive mainly from broad-based empirical research rather than anecdotes.
- Process of opportunistic adaptation—the central distinguishing course theme. My research suggests that for a large and important class of entrepreneurs, adapting to difficult realities and quickly responding to change are crucial to success.
- Specific issues, approaches, and ideas covered in the course modules.

### **Studies Conducted**

The origins of this course go back to when I was an assistant professor assigned to teach a course in entrepreneurship to MBA students. To maximize the course's utility for its core audience, I sought to address issues that the largest possible proportion of MBA entrepreneurs would find useful. I could not, however, use *a priori* logic or a few in-depth case studies to select such issues. Ventures started by B-school alumni are found in fields as diverse as dairy farming and satellite launches, and they range in size from niche "lifestyle" businesses to billion-dollar global companies like Intuit. A large sample study was therefore necessary to systematically identify the issues most universally important to this heterogeneous set. But issues derived from the entire population of new ventures or small businesses might not hold much interest for my target audience. The typical business apparently starts small and stays small. Thus a random sample drawn from the million or so businesses started each year would not generate useful data for aspiring MBA entrepreneurs.

Yet, there was little reliable research on the hows and whys of the success of exceptionally fast growing startups. In pursuit of breadth (compared to the individual case study approach) and depth (as compared to an analysis of census or survey data), I undertook a far-reaching field study of start-ups: I interviewed founders of 100 companies from the *Inc.* "500" list, a compilation of the fastest growing privately held companies in the United States. The *Inc.* list's requirement of a five-year track record of rapid growth helped eliminate low-potential or "born to fail" ventures whose stories I believed would not contribute much to understanding the skills and approaches that successful entrepreneurs use. A similar focus on successful practitioners, it may be noted, informs studies of art, music, statecraft, surgery, and other fields involving a high level of skill.\* At the same time, by sampling from a population with 500 companies, I avoided drawing inferences from a few billion dollar "outliers" whose success might be attributed to the extraordinary talent or luck of the founders.

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\* The cases in the course, however, have almost as many failures as successes. Some of these cases are intended to illustrate "mistakes" or provide a contrast to good practice. Other cases suggest that even entrepreneurs who make good decisions (based on available information) have to be mentally and emotionally prepared to face adverse outcomes.

Studying the challenges faced by companies in the *Inc.* sample and how their founders tackled them provided valuable lessons about new-venture success and about the skills that aspiring entrepreneurs should seek to develop. I then tested the assumption that these lessons would be germane to MBA entrepreneurs by conducting a mail survey of 100 self-employed alumni of the Harvard Business School. As described in my note, "The Road Well Traveled,"\* the experiences of the respondents to our survey turned out to be quite similar to those of the *Inc.* founders. Over the years I have also had my students write over 300 papers on successful entrepreneurs. Instead of an examination, the students were required to write a "critical history" of a venture they considered successful. These papers helped corroborate the findings of my fieldwork and surveys.

## **Opportunistic adaptation**

The research suggested two relatively different models that successful (or at least economically noteworthy) ventures follow.† One entails considerable foresight and capital. The elements of this model include careful market research, well thought-out business plans to establish sustainable advantages, top-notch founding teams, sagacious boards, and professional venture capitalists who provide advice, close oversight, and significant financing under carefully thought-out terms. Start-ups that successfully follow this model grow extremely quickly. To use a biological analogy, they are like the "precocious" offspring of horses, which are relatively mature at birth and can see and walk in a matter of hours.

The alternative start-up model is not as buttoned down and much less resource intensive. Here, founders do not spend much time searching for opportunities, doing market research, or writing business plans; they often merely replicate or modify an idea they encountered through previous employment or by accident. Without a great concept or proprietary product, and often without much experience in the field, the entrepreneurs cannot raise much external capital or afford to hire top-notch talent. They therefore "bootstrap" their start-ups with modest personal funds. The lack of innovative ideas and capital also limits the entrepreneurs' ability to attract exceptional talent and requires them to make do with average, and sometimes marginal, employees.

The evolution of bootstrap companies is often characterized by more stumbles and detours than the development of precocious companies. Like the "altricial" young of creatures such as birds, red foxes, and humans, these ventures are born in an immature and precarious state. Their subsequent development often entails significant changes in markets served, strategies, and organization.

The two models present different challenges. In the capital-intensive model, which requires more significant resources up-front, it is critical to anticipate the long-term consequences of today's actions. The entrepreneur has to think carefully about the long-term evolution of markets and industry structure, the deals and contracts made with investors and employees, and organizational policies and structures. To justify the heavy commitment of resources, the entrepreneur also needs a long-term strategy to "change the game." In the bootstrapped and improvised ventures, opportunistic adaptation is as important as anticipation, perspicacity, and long-term strategies for changing the game. In this model, entrepreneurs must react quickly to new opportunities and problems. One entrepreneur likens the process to jumping from stone to stone to cross a stream rather than planning the invasion of Normandy. Entrepreneurs must adapt to inadequate or low-quality resources. When their products lack proprietary features, entrepreneurs must be extremely responsive to the needs of individual customers to get the crucial first orders. When the opportunity arises, they may also have to scrap and rebuild their business model, organization, and resource base. The ultimate adaptive act is to get out of the reactive mode and into the anticipative mode as the business matures and grows.

I chose to emphasize the second model and the processes of opportunistic adaptation for several reasons. The core curricula at business schools also emphasize the problems of resource-intensive firms and stress the importance of adopting a broad, long-term perspective. A focus on issues of opportunistic adaptation in improvised ventures would therefore form the basis of a distinctively different course. Studying opportunistic adaptation also met my goal of helping the largest possible number of B-school entrepreneurs. Significant initial capital is a must in a few industries such as biotechnology and supercomputers; in most other fields, impressive companies have grown out of the improvised model. My data suggest that they are in fact the rule.

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\* Amar Bhidé, "The Road Well Traveled," HBS No. 396-277.

† Amar Bhidé, "Bootstrap Finance," *Harvard Business Review*, November-December 1992, pp. 109-117, Reprint 92601.

An overwhelming proportion of the *Inc.* ventures I studied followed the improvised approach because their founders did not have the concepts or credentials to do otherwise. More than 80% of the *Inc.* founders bootstrapped their ventures with modest funds derived from personal savings, credit cards, second mortgages, and so on; only 5% raised their initial equity from professional venture capitalists. The *Inc.* founders also could not afford to pay for high-quality talent. They therefore usually provided most of the crucial skills themselves and recruited whomever they could for the tasks they were too stretched to perform personally. Similarly, as detailed in "The Road Well Traveled," my mail survey of self-employed MBAs also suggested that well-planned, resource-intensive entrepreneurship represents an important but out-of-the-ordinary mode among B-school graduates.

Learning about opportunistic adaptation could be of particular value to individuals who have limited ambitions for the size of their venture or are unwilling to give up control for the sake of growth. Finally, I believed that just as issues of anticipation and fit are of value for improvised ventures, opportunistic adaptation can have a role in resource-intensive ventures, be they *de novo* start-ups or even corporate initiatives.\*

## Issues, Ideas, and Approaches

As suggested above, a process of opportunistic adaptation typically entails numerous problems and issues. For convenience, I have grouped the most important issues into three "course modules": evaluating opportunities, securing resources, and growing and sustaining the enterprise.

### Module 1. Evaluating and Developing Opportunities

In the typical improvised venture, the entrepreneur must *analyze opportunities quickly and cheaply*. Large companies have the resources and time to conduct extensive industry and market analyses. The aspiring entrepreneur, who is probably working at a full-time job while exploring and evaluating opportunities, does not. Moreover, entrepreneurs often compete in rapidly changing industries where reliable information is scarce and opportunities are fleeting. The marginal costs of additional research and analysis, therefore, rapidly exceed the marginal benefits.

Entrepreneurs must also evaluate opportunities in the light of *severe capital constraints* (the typical entrepreneur I studied relied mainly on personal capital) and the lack of personal diversification—factors of little concern to most large corporations. They must also *pick opportunities from a usually unpromising pool*. The data show that entrepreneurs often must start with a "me-too" idea or opportunities that more established players have turned down. In fact, opportunities often exist for an entrepreneur because the problems have scared away capable potential rivals. Therefore, entrepreneurs must be more tolerant, at least in some dimensions, than decision-makers in large companies. At the same time, entrepreneurs must be careful that their enthusiasm does not blind them to fatal flaws; somehow, they need an evaluation process that distinguishes "opportunity making" issues from "deal breakers."

My HBR article "How Entrepreneurs Craft Strategies That Work"<sup>†</sup> describes the core elements of the approach suggested in this module for resolving the distinctive problems entrepreneurs face in evaluating opportunities. Core business courses provide many tools and analytics for evaluating opportunities, but application of these tools by entrepreneurs without much time, money, or strong proprietary ideas is problematic. For instance, decision-makers are offered little guidance on how they can balance the costs and benefits of research and analysis. Taking the special circumstances of typical entrepreneurs into account, my HBR article suggests the following guidelines for entrepreneurs.

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\* See Amar Bhidé, "Hustle as Strategy," *Harvard Business Review*, September-October 1986, pp. 59-65, Reprint 86503. The difference between the two models parallels the distinction made in this article, between businesses whose profits derive mainly from structural advantages such as brand names and patents and those whose profits depend on the quality of their execution. I was surprised at the time by the enthusiasm for the article, particularly because I had gone to some pains to describe the limited conditions under which a business could rely on strategies of "hustle." I came to realize, however, that although pure hustle works only under specialized conditions, good execution is universally important. To the degree that hustle and opportunistic adaptation are closely related phenomena, I believe that the issues I addressed in the article may be germane to situations outside improvised start-ups.

<sup>†</sup> Amar Bhidé, "How Entrepreneurs Craft Strategies that Work," *Harvard Business Review*, March-April 1994, pp. 150-161, Reprint 94202.



- Screen opportunities quickly to weed out unpromising ideas before doing much research.
- Assess the attractiveness of a venture (if it has passed the initial viability test) using several financial and nonfinancial criteria.
- Research and analyze even promising ideas parsimoniously.
- Integrate action and analysis.

## Module 2: Securing Resources

Securing resources—capital, employees, suppliers, and customers—for a new venture usually represents a serious challenge for the individual entrepreneur. The data suggest that the aspiring entrepreneurs often start off with limited resources, whereas the established corporation seeking to expand its activities already controls many of the critical resources it needs. Indeed, corporations often undertake new initiatives *in order* to exploit existing resources rather than just to exploit an opportunity. The entrepreneur also usually faces severe credibility problems in securing “outside” resources. Consequently, resources may not be available at all or their price may be so prohibitively high as to make the venture unviable. At the same time, because the typical entrepreneur often lacks a proprietary concept, success may turn on a superior ability to secure and deploy the limited resources that are available.

This module explores strategies that entrepreneurs who start improvised ventures typically use to resolve these resource issues. My research suggests that they employ the following strategies.

1. *Provide quick payoffs.* My research suggests that resource providers respond to immediate rather than long-term inducements. For instance, in our *Inc.* survey we found that customers were willing to take a risk on a start-up if its products or services could provide immediate and sizable advantages. They would buy a new firm’s microprocessor because it was five times as fast as other models. A data processing manager would place an order for an innovative fax board because it enabled him to set up a communications network without contracting for expensive leased lines. The tangible payback period for customers that were at risk rarely exceeded a year.

Other participants in the venture also realized immediate benefits. Employees escaped from unrewarding jobs or even unemployment. Suppliers who provided goods and services in small volumes to start-ups realized higher profit margins than from larger, well-established customers. Any outside investors in the start-ups were repaid quickly—most of the firms in our *Inc.* sample achieved profitability in a year or two, if not in months.

Apparently, the resource providers heavily discounted long-term outcomes. Employees did not usually ask for—nor were they offered—equity or options. They overlooked, or could be persuaded by the entrepreneurs to disregard, the long-term risks such as being let go if they could not grow with the company. The small banks that provided credit when the big banks would not apparently did not worry that, as the venture grew, it would naturally look for more prestigious lenders with higher credit limits. The customers who took risks often did ask the entrepreneur about what would happen if the start-up failed—but they proceeded to buy anyway.

2. *Craft emotional appeals.* The entrepreneurs I studied compensated for their inability to provide compelling, well-specified rewards and reassurances by using more amorphous, psychological inducements. Moreover, entrepreneurs did not rely much on their “social capital,” such as standing in the community, friendships, or family ties. Most entrepreneurs had limited prior experience and contacts in the businesses they entered, or they entered new markets where relationships among the players had not yet formed. Rather, they won over strangers or near-strangers by appealing to their sympathy for an underdog, vanity, need for attention, and so on.

The emotional or psychological appeals were especially important in allaying fears. Entrepreneurs could not provide credible, contractual protections against the losses that others might incur if their enterprise failed, so they sought to establish their *personal* trustworthiness and competence. Through charisma, empathy, enthusiasm, or persistence, the entrepreneurs convinced others that they cared and would deliver. They worked on appearances that they believed would influence others’ perception of their credibility. They paid attention to their dress (“always wear blue suits,” one told us), address, the look of their stationery, how telephones were answered, and so on.

3. *Cast a wide net.* Entrepreneurs generally did not use a systematic search process to find the resource providers whose short-term needs could be easily satisfied and who were willing to overlook long-term risks and respond to emotional appeals. They followed a shotgun rather than rifle shot approach, following as many leads and calling on as many prospects as they could.

4. *Learn to do without.* Emotional appeals and exhaustive searches for sympathetic supporters usually do not persuade resource providers to take great risks unless the entrepreneur can also hold out the prospect of significant tangible payoffs. If the entrepreneur cannot do so, he or she must learn to live with significant resource constraints. For example, a majority of the *Inc.* entrepreneurs I studied could not offer investors the potential of huge returns or quick paybacks and, as described in **Bootstrap Finance**, had to find creative ways to start their ventures with very little money. Similarly, the limited upside potential of their start-ups also meant that they often had to make do with inexperienced or unskilled employees. They could not, of course, do without customers. Even in this respect, however, entrepreneurs often had to work their way up gradually, starting with small or difficult customers whom others did not want to serve.

This second module places greater emphasis on securing customers than on raising capital. Entrepreneurship courses often emphasize issues of fund-raising, such as learning about securities law, approaching banks and venture capitalists, and structuring deals.\* But, as mentioned earlier, the *Inc.* companies started their venture with a pittance. The MBA entrepreneurs we surveyed started with somewhat greater initial capital, but this usually reflected the larger personal savings they had available rather than their use of funds raised from professional investors. In contrast, all ventures need customers, and in booking orders they usually have to overcome the “liability of newness” and concerns about their longevity.

Another distinctive feature of this module is the special attention paid to selling. Whereas marketing concepts and techniques are well covered in a business curriculum, face-to-face selling is usually not given much emphasis. The data suggest, however, that selling is a crucial skill for our constituency. Entrepreneurs cannot afford to advertise or implement the marketing programs commonplace in large companies. Good sales representatives also are hard to attract and may lack the zeal and conviction of the founders. Therefore, the entrepreneur must call on customers personally to secure orders. Such skills are often not well developed among MBAs. Although they all “sell” themselves to colleges, graduate schools, and employers and some may even have worked in a sales function, they will rarely have faced the special sales challenges confronted by entrepreneurs. These challenges include:

- The lack of a recognized name or track record. Entrepreneurs do not have the entree that graduates of top schools have with recruiters or that IBM sales representatives have with MIS departments.
- Extreme asymmetry of power. Graduating MBAs and IBM sales representatives have some leverage with recruiters and computer buyers who are predisposed to see the talent or product offered as necessary, valuable, and distinctive. Entrepreneurs, the data show, are generally in a much weaker position. Their products or services often perform the same functions as rival offerings and may represent a discretionary purchase.
- The real-time integration of selling with marketing and strategy formulation. The data suggest that entrepreneurs often differentiate their wares by offering custom features or ancillary services. Moreover, entrepreneurs who have limited access to prospects have to make on-the-spot decisions about what features to offer, what to charge, and so on. Such decisions can have long-term implications for a firm’s marketing and other strategies. The IBM salesperson, in contrast, operates off product and pricing policies that others have previously made and generally does not have to formulate strategy on the fly.

A basic message of this material is that anyone can learn to sell. The “born salesperson” appears to be as much an unwarranted stereotype as the “born entrepreneur.” Many successful entrepreneurs who started without much self-confidence in their sales abilities have trained themselves to perform the task effectively. In fact, contrary to popular belief, individuals who come across as good sales types are at a disadvantage because of the suspicions they arouse. We also suggest to students that selling is not an ineffable art form—there are techniques (for objection handling, closing, and so on) and mental disciplines that they can practice and learn.

Obviously, the course cannot provide the same in-depth training, as do the extended sales training programs at companies like IBM or Xerox. Our goal is to provide a nucleus of ideas that students can later modify, refine, and internalize. Specifically, course material suggests that effective selling by an entrepreneur usually requires the following.

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\* Other academics have developed courses for audiences (such as venture capitalists and high-tech and bio-tech entrepreneurs) to whom structuring deals with suppliers of capital and top-notch talent *is* of crucial importance.

- A low-key, nonthreatening approach.
- A systematic (rather than ad-hoc) process.
- Persistence and mental resilience.
- Willingness to make quick decisions.

### **Module 3: Growing and Sustaining the Enterprise**

The success of improvised, "altricial" ventures depends on the entrepreneur's ability to grow and sustain the enterprise after it has been launched. As mentioned, improvised ventures typically start with marginal concepts, weak staff, and limited cash. Their early profits often derive from the founder's personal skills and hustle or from temporary market dislocations rather than from durable competitive advantages. Entrepreneurs subsequently achieve rapid growth by formulating new strategies to create more sustainable advantages and by building organizational capabilities through upgrading the staff, introducing new controls, and so on.

This kind of transformation entails three types of challenges for the entrepreneurs studied in this module:

*Setting priorities.* Compared to the manager of a business on a well-defined trajectory, entrepreneurs often face overwhelming choices and options. The enterprise isn't tied to a specialized set of assets, work force, or culture. Everything is up for grabs. Whereas managers of a going business might ask: 'What business are we in?' or, 'how can we best exploit our core competencies', entrepreneurs must decide what business they **want** to be in and what capabilities they would like to develop. Similarly, the manager of a public company has a fiduciary responsibility to maximize value for shareholders, whereas entrepreneurs can choose their own goals and find investors who share them—or do without outside capital altogether.

At the same time, entrepreneurs often confront weaknesses and imperfections on nearly every front. The lack of a coherent strategy, competitive strengths, talented staff, adequate controls, and organizational structures routinely experienced by young enterprises would evoke panic in a mature company. Worse, even when weaknesses are pervasive and comprehensive change seems desirable, the entrepreneur can only tackle a few problems at a time. Therefore, just as a parent should worry more about a toddler's motor skills than about reading abilities, the entrepreneur must distinguish the critical issues from normal growing pains.

*Building assets and capabilities from scratch.* The usual challenge for executives of large companies lies in leveraging or changing the strategies or structures already in place. The entrepreneur, in contrast, usually must build from the ground up the brand names, installed base, geographic scope, and so on that give the firm its competitive advantages; the organizational structures, systems, and staff; and the purpose, norms, and culture of the enterprise. Moreover, developing these assets—which often requires a long period of trial-and-error learning—has to be undertaken in the midst of day-to-day pressures and serious resource constraints.

*Defining personal roles.* Unlike CEOs of large corporations who sometimes have to struggle to have any influence, the entrepreneur's actions naturally make—for good or ill—a huge difference. Fledgling ventures rarely evolve through spontaneous, front-line employee efforts, such as 3M's development of the Post-It business. Successful initiatives to build competitive advantages and organizational capabilities require forceful leadership from the top. Subordinates rarely have the knowledge or credibility to make things happen. But entrepreneurs who totally dominate everything stunt the growth of their organizations. Somehow, the entrepreneur must find a balance between doing too much and too little, and this balance has to be dynamic—what the entrepreneur does has to change as the venture evolves.

My *HBR* article, "The Questions Every Entrepreneur Must Answer" addresses these three issues. The article arose from my skepticism about the value of the life-cycle models\* that have traditionally been used to analyze problems of a firm's evolution and growth. The models correctly assume, to revert to the biological metaphor, that most ventures have altricial beginnings and only gradually gain strength and maturity. They overextend the metaphor, however, by asserting that businesses progress through predictable "stages of growth." My research suggests that ventures evolve in unpredictable, idiosyncratic ways that do not conform to a one-size-fits-all model of development.

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\* Churchill and Lewis's article, "The five stages of small business growth," *HBR*, May-June 1983, pp. 30-39, Reprint 83301, is considered a seminal piece in the genre.

"The Questions Every Entrepreneur Must Answer" provides an alternative approach. The article poses a sequence of three questions that entrepreneurs can use as a framework to set priorities. It suggests that entrepreneurs should: (1) Ask themselves what their personal and business goals are; (2) Assess whether they have a plausible strategy to attain their goals. If not, they should reformulate their strategies or revise their goals; (3) Examine their capacity to execute and, if necessary, either upgrade their capacity to execute or change their strategy and goals. The article further fleshes out the *goals, strategies, and capacity to execute* framework with numerous sub-issues and heuristics derived from field research.

The approach has the same goal as the stages-of-growth models—to identify the critical developmental priorities rather than all the deficiencies and problems that afflict a young enterprise. There are, however, crucial differences:

1. Unlike the stages-of-growth models, which simply assume that all firms experience similar life cycles, the new framework reflects the well-documented observation that firm evolution is idiosyncratic and path-dependent. The heuristics contained in the article, too, are not meant to generate predictions about what a firm might expect at a particular stage in its maturation. Rather they are intended to help entrepreneurs factor their particular circumstances, such as personal objectives, the history of the enterprise, and the economic characteristics of the business, into their analysis and develop solutions tailored to their problems.

2. The article (and the cases in this module) emphasize the importance of strategy formulation. The stages-of-growth frameworks, which implicitly assume that ventures begin with the right business model (and that entrepreneurs can easily make subsequent refinements), focus on "internal" or organizational development. My research, however, suggests that changing their business model is an important step—and a challenge—for many ventures that start with marginal concepts. The evidence also suggests that businesses with weak organization and sound business concepts have better prospects than well-organized and well-staffed firms that lack a viable business proposition do. The framework described in the article therefore requires that entrepreneurs evaluate their strategy before analyzing their organizational capacity to execute.

3. Although the framework stresses the need for a viable strategy as a precondition for success, it weighs equally the importance of execution and organizational development. In fact, we take a broader view than the stages-of-growth frameworks, which focus on organizational structure and systems. We examine compensation, recruiting, and corporate culture as well as the more external issues of financing and marketing.

Our basic perspective on building sustainable advantages and capabilities is also different from the one implicit in some models of competition in which the player who makes the right first move wins. My research suggests that there is usually a very long and difficult road between having the right idea and building a sustainable business. Fledgling ventures often face competitors following similar strategies as well as skepticism from potential customers, employees, and investors. Outmaneuvering rivals and winning over skeptics requires considerable tactical creativity, skill, and patience. The cases in this module therefore place considerable emphasis on how the entrepreneur gets it done. We explore the practical challenges of creating a brand, setting industry standards, consolidating a fragmented industry, exploiting international economies of scope, and so on.

4. Our approach recognizes the need for an entrepreneur to change his or her role so as to facilitate the development of the organization. It challenges the traditional notion, however, that change mainly entails delegating more authority and responsibility to subordinates. The evidence rather suggests that to transform a fledgling enterprise into an entity capable of independent existence requires the founders to undertake many new and paradoxically more difficult roles. Weaning an organization from its founders is not a simple matter of "letting go"—before they have the option of doing less, entrepreneurs must first do a lot more.

## **Developing Skills and Attitudes**

The course emphasizes developing skills and attitudes that complement the frameworks and concepts described above. My research suggests that a venture's success depends as much on the entrepreneur's ability to use and apply ideas as on the ideas themselves. Feedback from business school alumni also is consistent with an emphasis on skills and attitudes. Conversations with graduates who have taken the course suggest that the emotional aspects leave a profound and often more long-lived impression than many of the analytical aspects. Similarly, in my survey of self-employed MBAs we asked respondents what they wished they had learned or had been better exposed to that could have helped them as entrepreneurs. Most responses related to skill development ("learning to sell," for example) and exposure to the special realities and problems of starting your own business.

*Skill building* in the context of this course refers to:

- *Fostering deep internalization of core business concepts and the ability to apply these concepts to entrepreneurial situations.* I have observed in case discussions and field studies that many students routinely fail to apply basic concepts of strategy and marketing in analyzing new or young ventures, perhaps because they have been exposed to these concepts mainly in the context of more stable, going concerns.
- *Selecting the framework (or frameworks) most appropriate to the situation.* Entrepreneurial problems do not come labeled as “marketing,” or “interpersonal,” or “negotiation” problems. Indeed, the best approach to solving entrepreneurial problems often entails using multiple theories and frameworks.
- *Understanding the limitations of frameworks and analytical techniques.* For example, it is important for entrepreneurs to know and think through the implications of the great variance embedded in the discounted value of a new venture's expected cash flows.
- *Developing and using a library or “playbook” of heuristics and analogies.* Entrepreneurs rarely have the time and information to reason from first principles. Instead, they frequently use rules of thumb and their knowledge of roughly similar prior situations—a process of decision making often referred to as relying on “gut instinct.” It is impossible to provide students with all the expertise that an experienced entrepreneur draws on, but we can get them started on building their own “playbooks,” or at least point out the important issues they should develop rules about.

*Attitudinal developments* this course tries to facilitate include:

- *Self-knowledge.* The evidence suggests that going into business for yourself does not require conformance to an unusual personality type. B-school alumni with varied temperaments and aptitudes can succeed in entrepreneurial careers provided there is an adequate fit between the person and the opportunity. For instance, the person who would flop as a film producer may have just the right personality to start a money management firm for conservative clients. By exposing students to a diverse group of entrepreneurs, the course both reassures students who might lack self-confidence in their “entrepreneurial” qualities and encourages them to think carefully about where and how they could best deploy their abilities.
- *Refinement of personal goals.* Entrepreneurs, the data suggest, seek quite varied rewards from their ventures. Therefore, to a considerable degree, the success of a venture depends on the goals and aspirations of the entrepreneur. The course accordingly encourages students to think, in concrete terms, about their own metrics for success.
- *Sophisticated empathy.* Entrepreneurs rarely have power over others and often start from weak bargaining positions. They should, therefore, try to understand the expectations, hopes, and fears of the individuals whose resources they need in order to offer the appropriate terms and reassurances. My experience suggests that MBA students sometimes lack these empathetic reflexes. They are usually better at forceful advocacy than at listening and picking up on cues. They can also be prone to focus on others’ pecuniary interests, overlooking the importance of perceptions and emotions. In this course, therefore, we relentlessly stress the importance of seeing the situation through others’ eyes.
- *“Smart audacity.”* Entrepreneurs who are willing to act in the face of great uncertainty, limited information, and widespread skepticism have an almost arrogant self-confidence. They believe they are smarter, more creative, harder working, and therefore more capable of recognizing and exploiting opportunities than everyone else. These attitudes are useful. Entrepreneurs need great confidence in their talent and ideas to help them persevere through adversity and rejection.

Entrepreneurs who strongly believe in themselves must also, however, have the smarts to recognize their mistakes and change their strategies as events unfold. Successful ventures do not always proceed in the direction in which they initially set out—many have to adopt entirely new strategies. Therefore, although perseverance and tenacity are valuable entrepreneurial traits, they must be complemented by flexibility and a willingness to learn. Capable entrepreneurs are like good bond or currency traders, who have confidence in their

ability to outwit markets but will close out their positions if events disprove their initial assumptions.

To conclude: Entrepreneurship faculty are often skeptically asked: "Can you really teach entrepreneurship? Aren't entrepreneurs born and not made?" In fact, in a good school, the issue of turning individuals into entrepreneurs is moot. Many individuals in the population at large may lack the basic drive to start a business, but such individuals are unlikely to apply to a top business school or to secure admission if they do. Moreover, the wide range of potential opportunities that entrepreneurs can pursue allows many different types of individuals to succeed. Graduates of a business program need not be out of the ordinary, therefore, to start their own venture.

Although many students would probably start their own businesses with or without any special training, an entrepreneurship course **can** make a useful contribution to an individual's education. As we have seen, individual entrepreneurs face distinctive challenges, especially if they take the improvised route to starting and nurturing their businesses. The core portion of a business curriculum, which serves a broader audience than the SNV course, cannot fully cover important issues that such entrepreneurs typically face in evaluating opportunities, securing resources, and growing their businesses. At the same time, we must be realistic about what a single course can accomplish. Some important skills, such as selling, take years of "learning by doing" to refine and develop. An important objective of the course, therefore, is to highlight key issues and help students develop an agenda for future learning.

## SCHEDULE AND COURSE OUTLINE

### STARTING NEW VENTURES

#### **Module 1: Evaluating Opportunities**

<u>Class #</u>	<u>Case Name/Required Readings</u>	<u>Optional Readings</u>
1	R & R Pages 2-13 of this document.	
2	Ministry of Supply Bootstrap Finance: The Art of Start-ups Tales Fitigues, Nautica, Klein	Road Well Traveled
3	Steve Belkin Primus Investors VLSI Business Plan	Why be Honest if Honesty Doesn't Pay?
4	Paul Olsen The Bar The Legal Forms of Organization	
5	The D.A.G. Group Hustle as Strategy	New Venture Financing
6	Smartbites Note on Buying a Franchise How Entrepreneurs Craft Strategies That Work	
7	Blank Label (A): August 2011 Tales from Successful Entrepreneurs	

#### **Module 2: Contracting for Resources**

8	Marcia Radosevich and Health Payment Review Selling as a Systematic Process
9	Deaver Brown and Cross River Inc./ Salesmanship Lecture
10	Clover Food Lab: Building Out the Team The Questions Every Entrepreneur Must Answer

#### **Module 3: Growing and Sustaining the Enterprise**

11	Vinod Khosla and Sun Microsystems
12	Dame Saunders and the Modern Hospice Movement Acton Academy
13	Entrepreneur Panel <i>Tales</i> Read Boles and Flow Control

# DAILY ASSIGNMENTS

## EVALUATING OPPORTUNITIES

### R & R (386-019, Rev. 11/15/87)

Required reading: Course Requirements (pages 2 - 5 of this document)  
Course Overview Note (pages 6- 13 of this document)

#### Questions:

1. What factors created an opportunity for Bob Reiss and the "TV Guide Game?"
2. What were the risks and rewards faced by Bob Reiss and other participants in the enterprise?
3. Would this approach have worked for Parker Bros. or Milton Bradley?

#### Computer Exercise

As Bob Reiss, I **would / would not** proceed with the Whoozit opportunity because:

• Enter reason 1

• Enter reason 2

• Enter reason 3

#### COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.

2. Keep this copy for your reference.

3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.



## Ministry of Supply (814-042)

Required additional reading: *Bootstrap Finance: The Art of Startups*  
*Tales from Successful Entrepreneurs*: Nautica, Fitigues, Chu, and Klein

### Questions:

1. What is a good model (or models) for the Ministry of Supply to adopt or adapt? What features, if any, of the successful fashion ventures (or other ventures) in *Tales* might the founders think of using?
2. What mistakes should the founders avoid?
3. What are the Ministry of Supply's functional (e.g., technology, design, distribution, marketing, logistics, finance etc.) current strengths and weaknesses?

Note: There is some ambiguity about the Ministry of Supply's distribution channels in the case. As mentioned, more than 90 percent of sales are from the company's "web-store" raising the question, where do the rest come from? For the purposes of case preparation, assume that some of the rest are from a non-recurring direct sales to companies (who ordered shirts with the company logo) and the rest from the Ministry of Supply's office/showroom in Boston.

The office/show room is **not** configured as a retail store however, and the company has no other "brick and mortar" retailers selling its shirts. So one of the questions for you to consider is whether the company should open its own retail store and/or sell through other retailers. And in considering whether Ministry of Supply should open its own retail store, you can make the following (as well as any other) assumptions: 1) the size of the store can be from 1,000 to 2,000 square feet. 2) Rental costs range from \$80 to \$120 per square foot per year, depending on how accessible the locations is from the street (street level locations cost more) 3) "Setting up" a store would require a one-time cost between \$30-\$50/square foot plus any fixtures which can range from \$20,000 to \$400,000 and 4) Successful retail shores can generate sales of between \$500-\$1,000 per square foot per year (before any costs).

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### Computer Exercise

Ministry of Supply should now  because:

The Ministry of Supply should also:

### COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
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**Steve Belkin** (383-042)

Required Reading: Primus Investors and VLSI Business Plan

*Federal Express*

Optional Reading: *Why be Honest if Honesty Doesn't Pay* (HBR reprint 90501)

Questions:

1. Is the opportunity in the charter travel business as good as Steve thinks it is?
  2. Evaluate Steve's efforts at attracting the resources he needs to launch his business.
  3. How well does an opportunity like Steve's fit the investment goals and strategies of a typical venture capital fund like Primus?
  4. What should Steve do now?
  5. Compare Steve Belkin's Business Plan with the VLSI business plan
- 

Computer Exercise

As one of the wealthy investors Steve has approached, I **would / would not** invest my money in Steve's venture because

• Enter reason 1

• Enter reason 2

• Enter reason 3

As Steve Belkin, I should now:

• Enter action 1

• Enter action 2

• Enter action 3

COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.

2. Keep this copy for your reference.

3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

Paul Olsen (A) (392-011) and The Bar business plan

Required Reading: *The Legal Forms of Organization* (384-184, Rev. 2/89)

Questions:

1. Compare the Rose's bar and The Bar opportunities.
2. Evaluate the opportunity from a typical wealthy investor's point of view.
3. Evaluate the partnership agreement from the points of view of Paul Olsen, Robert Rose and the limited partners.
4. Is the limited partnership structure the right one?

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Computer Exercise.

1. As Paul, I should be most concerned, in order of priority, about:

• Enter top concern

• Enter second most important concern

• Enter third concern

2. As Paul, I **[would / would not]** proceed with the Rose's bar opportunity.
3. The founders of the Brooklyn Bar **[should / should not]** proceed with their business plan

COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
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The D.A.G. Group (392-077)

Required Reading: *Hustle As Strategy* (HBR Reprint 86503)

Optional Reading: New Venture Financing

Questions:

1. How should Chris and Val evaluate Superb as a potential acquisition candidate? Is this the opportunity they have been looking for? Should they make a serious offer?
2. How does the opportunity compare with the prospect of a start-up? What are the trade-offs between the acquisition and start-up routes? Should they just go ahead and open their own store?
3. Is there an opportunity for a new entrant to essentially change the game in dry cleaning? If not, why not? If so, why have Chris and Val not been able to capitalize on it yet?

**REMINDER: ASSIGNMENT FROM "TALES FROM SUCCESSFUL ENTREPRENEURS" (SEE PAGE 22) IS DUE IN TWO CLASS SESSIONS.**

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Computer Exercise

Chris and Val should now **make a serious bid for Superb/open their own store/abandon dry cleaning** because:

• Enter reason 1

• Enter reason 2

• Enter reason 3

COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.

2. Keep this copy for your reference.

3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

## Smartbites

Required Reading: *Note on Buying a Franchise* (491-024)  
How Entrepreneurs Craft Strategies that Work

Field Exercise: There are three “Fast Casual” chains that serve breakfast and lunch in Harvard, Davis and Porter Squares: Au Bon Pain, Chipotle, Clover (which does not yet have many outlets), and Panera as well as several “quick service” outlets -- Dunkin Donuts, Burger King and of course McDonalds. Visit one fast casual and one quick service outlet, preferably and lunch time. The Panera and Dunkin Donut outlets in Porter Square would be particularly interesting. Write down at least ten features that distinguish them from each other in the following format:

Feature	Fast Casual (Name):	Quick Service (Name):
1.		
2.		
10.		

### Case Preparation Questions:

1. Is the Smartbites model suitable for franchising in Turkey?
2. Evaluate the draft master franchising contract.
3. Compare the financial returns for the Beren’s from franchising vs opening their own fast casual restaurants.

---

### Computer Exercise

Mahire and Zeki should now **take Smartbites’s offer/open their own chain/look for another opportunity** because:

- Enter Reason 1
- Enter Reason 2
- Enter Reason 3

What are three features that most sharply differentiated the two restaurants that you visited? {Enter a single word or phrase, such as “price” or “décor”. Be prepared to explain how in class}

- Enter most striking feature
- Enter second most striking feature
- Enter third Striking feature

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

## Segment Wrap-Up

Required Reading: Five selected papers from *Tales from Successful Entrepreneurs* (396-050). OR Five papers written by Fletcher students as their final papers in previous years.

Assuming that you have taken a core business course (marketing, finance, strategy etc..)

1. What concepts or propositions from your core business courses impressed you the most?
2. Evaluate the utility of these concepts and propositions in evaluating start-up opportunities and strategies? To what extent do they need modification? Where are the biggest gaps?

Written Assignment, to be emailed to me as a Word or pdf file. (please name your file lastname\_firstname\_ltl.doc)

Pick any five papers From the *Tales from Successful Entrepreneurs*, preferably from the same industry "block". Alternatively, you can pick any five papers written by Fletcher students as their final papers in previous years. Identify the similarities and contrasts across the five cases in how the entrepreneurs:

- Identified and evaluated the opportunity.
- Overcame competitive barriers (focus on the early stages of the enterprise)
- Acquired the qualifications, reputations, skills etc. they needed to pursue the opportunity.

Please limit yourself to two pages, using tables for clarity of presentation. I will collate your responses and distribute copies to the class in electronic form.

This is NOT a graded assignment, but submission is required.

At your option you can do this as an exercise with the group you are writing your papers with.

## Blank Label (A): August 2011

### Questions:

Based on the cases we have discussed so far and the *Tales* you read:

1. Was custom tailoring a good business for Fan Bi to start?
2. Evaluate the steps he took to launch Blank Label? What did he do right? What could he have done differently?
3. What goals should Fan now set for himself and for Blank Label? What challenges does he face in achieving these goals?

---

## Computer Exercise

As Fan Bi, I should now:

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

because:

• Enter reason 1

• Enter reason 2

• Enter reason 3

COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.

2. Keep this copy for your reference.

3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

## Module 2: Contracting for resources

Marcia Radosevich and Health Payment Review: 1989 (A) 394-204

Required Reading *Selling as a Systematic process* (395-091)

### Questions:

1. Evaluate the deal HPR made with Caterpillar.
2. Evaluate the strategic choices HPR now faces.
3. Contrast the challenge that Marcia faces in selling the prototype with the challenge of closing the Caterpillar deal.

---

### Computer Exercise

As Marcia, I should now:

because:

### COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.

2. Keep this copy for your reference.

3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.



Deaver Brown and Cross River Inc. 394-042 and lecture on selling

Preparation for the lecture is not required

Assignment for Deaver Brown case:

If your last name begins with A to M, please prepare a 10-minute face-to-face sales presentation to be made to the buyer from K-Mart.

If your last name begins with N to Z, please prepare a 10-minute face-to-face sales presentation to be made to the buyer from Macy's.

We will draw three names at random to make the presentations.

Note: This is a short case and you have only 10 minutes – good reasons to be fully familiar with *all* the case facts. Also bear in mind that K-Mart was the Wal-Mart of that era.

And here's what a "unbroller" might look like. **(THIS IS RELEVANT TO YOUR PREPARATION)**



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**NO COMPUTER EXERCISE FOR DEAVER BROWN AND CROSS RIVER INC.**

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

## Vinod Khosla and Sun Microsystems (A) (390-049, Rev. 12/89)

### Preparation Questions:

1. Does Vinod Khosla have a real chance at changing Computervision's decision?
    - Does Sun have a better product?
    - Can Sun be regarded as a reliable long-term vendor?
  2. How should Vinod Khosla respond to Computervision's president?
    - What should his long-term and short-term objectives be?
    - What specifically should he offer Computervision's president?
  3. What are the consequences for Sun of not doing this deal?
- 
- 

### Computer Exercise

Computervision has / has not made a mistake in selecting Apollo because:

- [Enter reason 1]
- [Enter reason 2]
- [Enter reason 3]

As Vinod my specific objective in talking to Berret, the President of Computervision, will be to:

- 

### COMMENTS

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For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.

2. Keep this copy for your reference.

3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

## **Clover Food Lab: Building Out the Team (616-042, Rev. 10/2015)**

### Preparation Questions:

1. What does the Clover team need to do to succeed? What key skills do they need for the next stage of growth?
  2. What are the specifications for the person they need to hire for the CFO position?
  3. Based ONLY on the resumes provided, who would be your top candidate? Why?
  4. How would you evaluate the candidate(s) beyond just looking at their resumes?
- 
- 

### Computer Exercise

My top candidate (based only on the resumes) is: **Leticia Alvarez/Bennett Sousa/Jamal Brown/Carla Samson/Jennifer Tucker**

because:

- [Enter reason 1]
- [Enter reason 2]
- [Enter reason 3]

### COMMENTS

For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

**Dame Cicely Saunders and the Modern Hospice Movement. (321-102)**

Optional Reading: [Building the Professional Firm: McKinsey & Co.: 1939-1968.](#)

Preparation Questions:

1. How did Cicely Saunders’s choices and initiatives affect the development of the hospice movement and the specialty of palliative care?
2. How were these choices different from those you read about in Tales from Successful Entrepreneurs –or that we have studied earlier in this course?
3. Can good hospices operate as commercial (for profit) businesses?

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Computer Exercise

Dame Cicely **[should have opened/should not have opened]** “subsidiary hospices.” (see top of page 10 of the case).

because:

(Enter top reason for why in less than ten words)

What did you find most striking in the case and its exhibits (in less than ten words)? OPTIONAL

Enter what you found most striking (In less than ten words)

For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.

## Acton Academy

Optional video: How Acton's eagles engage in a quest (3:37):

<https://www.youtube.com/watch?v=UsdBicTvuEw>

### Preparation Questions:

1. Evaluate the effectiveness of the Acton model.
  2. Can the model be scaled and replicated at high quality?
  3. How should Laura and Jeff respond to the 18,000 applications?
  4. What else should Laura and Jeff do?
- 
- 

### Computer Exercise

I **would/would** not try to send my child in an Acton school.

Laura and Jeff should now:

(Enter the most important action Laura and Jeff should take or goal they should focus on. DO NOT enter multiple actions or goals. If there are other things you think they should also do, enter them under "comments")

because:

(Enter top reason for why in less than ten words)

### COMMENTS

For the computer exercises

1. Please enter your responses before 11:00 a.m. on the day of the class.
2. Keep this copy for your reference.
3. PLEASE ENTER ONLY THE REASONS THAT SUPPORT YOUR DECISION IN THE BULLET POINT SECTION.