MGT 244 Winter 2005

Professor Richard Dorf Thursday 6 pm

For much of the past 100 years, entrepreneurs have been the creators of many great enterprises. The formation of these ventures can be one of the highest callings in business. In this course we consider the formation of a significant new venture. The course is focused on the development and management of the new business ventures as an entrepreneurial enterprise. We will examine the characteristics of the successful entrepreneur and determine the critical steps in building or acquiring a growth business from startup to revenues of greater than $10 million in a period of five years or less. Teams will develop a business plan that can be used to obtain the resources to build this business. The proposed new enterprise can be a new venture within an existing firm or the start of a completely new firm. Entrepreneurs build new businesses and create jobs and wealth. This is a course focused on the student participating in the building of the plan for an important new enterprise. A special focus will be on new ventures that create or use a new technology to create significant new value.

Required Text:
ISBN: 007-285-3530
Technology Ventures
R.C. Dorf & T. Byers
First Edition
McGraw-Hill Irwin
2005

Class meets in 118 Olson Hall

MGP 244

Week		Topics	Reading	Guest
1	Jan. 6	The Entrepreneur	Chap. 1	--
2	Jan. 13	Opportunity Competitive Advantage Case: Biodiesel	Chap. 2, 3, 4	Ben Finkelor, 04
3	Jan. 20	First Mover Innovation, Risk Cases: Artemis-Pt 1, Yahoo-Pt2	5, 6, 7	Dan Castles, CEO Telestream
4	Jan. 27	Types of Ventures Knowledge, Legal Issues Case: Global Wireless, Netflix	8, 9, 10	Pam Marrone, CEO AgraQuest
5	Feb. 3	Marketing, Organization, Resources Cases: No Magic, Artemis-Pt 2	11, 12, 13	Bruce Dravis Downey, Brand
6	Feb. 10	Acquisitions, Global Case: Danger, Google	14, 15, 16	Paul Yu Yang, ‘04 Big Bang Plan Winner
7	Feb. 17	Financial Plan Sources of Capital Case: Radco, Yahoo-Pt 2	17, 18	Christine Smith GSM ‘96
8	Feb. 24	Presentation, The Deal Execution Case: Hirschtick’s Venture	19, 20	
9	Mar. 3	Team Presentations		
10	Mar. 10	Team Presentations		

Office hours: TBA
Phone: 530-754-9061; 530-752-2924 FAX
Email: rcdorf@ucdavis.edu

Mark Lowe, Associate Lecturer
Email: mlowe@praxisvc.com

Team: Each team will consist of 4-6 persons. There will be 12 teams.

Grade: Class participation (30%), Business Plan (50%), Team reports (20%)

Course Requirements by Teams: (See Team Schedule)

1. Business Concept written statement due by Jan. 20 for all teams. Five teams present their statement.

2. Executive Summary presented by 6 teams.

3. Rough Prototype or Sketch presented by 1 team.

4. Presentation of Business Plan (20 minutes)

5. Written Business Plan – March 14, 5 pm

6. Venture Coaching Session – Each team will meet with Mr. Lowe for venture coaching. At least one half of the team will attend this session. It will be scheduled outside of class hours at a mutually agreeable time.

Course Requirement for the Individual:

Attendance for the full class period is expected and 1 class meeting absence is acceptable. Additional absences will penalize the grade.

Submission of a self-report describing your specific accomplishments and efforts in building the business plan, cases and interviews, and your participation in the class discussion. (Submit on March 14th)

Full class participation and preparation. Assigned items should be studied. When cases are scheduled, be prepared to address all the issues and background. Only the presenting team needs to submit a written report.

Team Schedule

Team #	Case	Business Concept	Executive Summary	Prototype or Sketch	Business Plan
1	Danger 2/10	1/20			3/3
2	Biodiesel 1/13			2/3	3/10
3	Yahoo!Pt. 1, 1/20		1/27		3/3
4	Artemis Images Pt. 1, 1/20				3/10
5	Yahoo! Pt. 2, 2/17	1/20			3/3
6	Radco 2/17		1/27		3/10
7	Artemis Images Pt. 2, 2/3	1/20			3/3
8	Global Wireless 1/27		1/27		3/10
9	Jon Hirschticks New Venture 2/24	1/20			3/3
10	No Magic 2/3		1/27		3/10
11	Google IPO	1/20			3/3
12	Netflix		1/27		3/10

Note : Team 2 has the California Lighting Technology Center venture.
The contact is Don Aumann 757-3444

<u>Case Questions</u>

I. ARTEMIS IMAGES

Part 1.

1. Discuss why Chris started her company
2. What is your evaluation of the team?
3. Discuss the ownership division
4. Evaluate the business model

Part. 2.

1. Discuss the competitors and SCA.
2. What is the valuation of the company?
3. Discuss harvest strategies for Artemis.

II. YAHOO! 1995

Part 1.

1. What makes Yahoo an attractive opportunity?
2. How will Yahoo make money?
3. Identify the major risks

Part 2.

1. What are the advantages and disadvantages of the funding options
2. What is an appropriate valuation for Yahoo!?
3. What funding approach should they use?

III. RADCO

1. Describe the business model of Radco
2. Should they add an HRO Manager?
3. Discuss the conflict of interest issues
4. What financial controls are needed?

IV. GLOBAL WIRELESS – see page 598

V. BIODIESEL – see page 565

VI. JON HIRSCHTICKS NEW VENTURE

1. Is this new venture a high potential opportunity? Explain your views.
2. Evaluate the team and their competencies.
3. What factors should be considered regarding the first round financing?

4. Assuming a share price of $1 for the VC, and an employee pool of 1.05 million shares diluted proportionally between the VC's and founders, what is the post money valuation of the venture? Also assume all the $4.5 million is invested in one round.

VII. DANGER

1. Describe the product and the competitive advantage.
2. What partners should Nothhaft select to visit in Europe?
3. What partners should Issacs visit in Asia?
4. Discuss the potential partners and why they should be selected.
5. How would you manage the partnership with T-Mobile? What are the risks?
6. Describe a desirable Value Web for Danger.

VIII. Google IPO: Secure the Google IPO

1. Describe the formation and early growth of Google. What is Google's competitive advantage?
2. How does Google compare with Microsoft's search engine?
3. Was Google fairly valued in the IPO?

IX. Netflix

1. Describe the formation and early growth of Netflix. Did Netflix have adequate venture capital over the first year?
2. Review the Netflix IPO in Figure 18.6. Was Netflix fairly valued?
3. Is Netflix's competitive advantage defensible versus Blockbuster?
4. Discuss Netflix's pricing model from 2002 to 2005. How would you have managed the pricing issue?