

**Penn State University, The Smeal College of Business**  
**Managing an Entrepreneurial Start-Up Company**  
**UG 3-Credit Course, Fall Semester BA**  
**Location: TBA**

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Class sessions: TBA

**COURSE DESCRIPTION:**

The long-term strength of the US economy depends on the continual creation of new entrepreneurial companies. This course is intended for those students that plan at some time to either start or join a young company, help spin-out a company from a major corporation or University, or enter the private equity sector that funds such companies.

Start-up companies have a high failure rate. Acquiring and balancing limited resources, changing direction quickly, building a coherent team, managing intellectual property, and creating new markets all test a wide range of managerial skills not usually demanded in one person within a larger organization. Whereas a large company has a strong and well-defined structure and ample resources to deal with unexpected challenges, a start-up usually has insufficient resources, or management experience and yet must deal with daily important and often unpredictable forces. It is the tenacity of an entrepreneur that can take a company through the valleys of despair to eventually succeed. Students will be exposed to these tensions and experience first-hand what it is like to start and grow a new company.

Entrepreneurship is often described as the ability to deal with ambiguity or seeming paradoxes. Each of the eleven management themes analyzed in the course are couched in terms of an underlying paradox. This will develop the skills to be able to deal with uncertainty under stress, a valuable management attribute.

The syllabus takes the student through all the key phases of a start-up from opportunity identification, company formation, planning, raising different rounds of finance, recruiting, building a team and unique culture, developing and executing a sales strategy and finally creating an exit strategy for investors. This course emphasizes the MANAGEMENT of early stage, fast-growing companies. While students will be shown the tools that are used for the mechanics of company formation, the cases will be based mainly on the “softer” issues of start-up leadership – after all, it is the inexperience of the management function more than business ideas that leads to the high rate of failure.

Students will also learn how large and small companies interact and how to manage this difficult interface.

The course centers on a real case, Neoforma Inc. Students will follow this company from its inception to its eventual sale to a large company. The course is open to all MBA students. The class is limited to 30 students.

The course will provide students with knowledge and experience to increase the likelihood of success whether as a principal in a small company or an investor representative in a larger firm or private equity partnership. Where appropriate and possible entrepreneurs and investors will be invited to tell their own stories and participate in the classes.

*The syllabus is constructed around the principals of Problem-Based Learning. Class sessions will be in a workshop or seminar format where students will be expected to comment on cases, solve problems, and pose questions from the reading materials. Do not expect to be taught in lecture format, rather learn by experiencing and contributing to real situations. Depending on their availability, we will invite entrepreneurs to come to the class sessions to share their own experiences. The course fits well with other Entrepreneurship, Management, NPD and Finance Courses.*

## REQUIRED COURSE MATERIALS:

The course will use as its text, a monthly diary of Neoforma published by one of the founders, Wayne McVicker. The book is entitled “Starting Something” and is a mandatory text for the course. A paperback version can be found for around \$12.00. Other case histories and readings may be invoked and will be made available electronically on ANGEL.

In addition, many of the key participants in the Neoforma story graciously agreed to be interviewed for this course. You will therefore witness the characters reflecting on each of the critical situations with which you will be confronted so you can experience the complexity of decision making and stresses imposed on the principals. Each assignment will require reading selected diary chapters and reviewing interviews from both insiders and outsiders close to the company.

## GRADING:

Grading is based entirely on individual efforts as follows:

Class Participation	20%
Written submissions and presentations	5-7% each
Final Open Book Written Cases	30%

1. **Class participation** – the best comments demonstrate that you can do three things:

- a. Listen – your comments should fit into the discussion by being based on the previous comments of your classmates. Hint: comments which begin by paraphrasing a classmate’s prior comment can be especially effective, e.g., “Eva’s comment about the “not-invented here syndrome...”
- b. Think creatively and analytically
- c. Articulate – this is extremely difficult to do and requires practice. It is particularly important for a “change-agent”. Our class will be a safe environment for sharpening these skills. Be concise and to the point.

In particular, there may be several visiting entrepreneurs to this class, and you will be expected to engage them in dialog and probing questions

2. **Course Papers.** There will be weekly short papers after the first two weeks of the course. During this initial introductory period you will read the course book to understand the story and get acquainted with the key characters. You will work in teams for these assignments. Selected teams will be required to make a presentation on their analysis for class discussion.

3. **Final Open-Book Paper.** This will test the complete course material and will be an individual assignment. Students will be expected to show insights on a number of issues related to key decisions facing the CEO of a start-up company represented in a case history.

In class use name cards regularly and sit in or near the same seat every day. This will help me to give you credit for your class participation.

## Syllabus Details

Note: the content of each class may change due to the availability of guest presenters.

Refer to the subsequent chart for weekly book readings and video content.

Session One:	Introduction to the Course Topics: What constitutes an Entrepreneur The Changing Role of Entrepreneurship. The Nature of Innovation Importance of Entrepreneurship Types of entrepreneurial companies  Reading: In week one all students will “skim read” the book and discuss this in class.
Session Two:	Topic: Creating and Seizing and Opportunity Examples: data-mining, networking, need driven, Universities, etc. Screening Opportunities, Research Methods  Reading: During week one, all students will “skim read” the book and discuss this in class.
Session Three:	The Entrepreneurial Mindset  <b>Exercise: Mindset Paradoxes</b> See Chart for readings and videos.
Session Four:	Networking  <b>Exercise 2: Situation Analysis, Networking</b> See Chart for readings and videos.
Session Five:	Bootstrapping (and Life-style choices)  <b>Exercise 3: Situation Analysis, Bootstapping</b> See Chart for readings and videos.
Session Six:	Angels  <b>Exercise 4: Situation Analysis, Angels</b> See Chart for readings and videos.
Session Seven:	Partners  <b>Exercise 5: Situation Analysis, Choosing a Partner</b> See Chart for readings and videos.

Session Eight:	Culture  <b>Exercise 6: Situation Analysis, Creating a Culture</b> See Chart for readings and videos.
Session Nine:	Hiring & Firing  <b>Exercise 7: Situation Analysis, Hiring and Firing</b> See Chart for readings and videos.
Session Ten:	Change Management  <b>Exercise 8: Situation Analysis, Change Management</b> See Chart for readings and videos.
Session Eleven:	VC's, IB's and Ethics  <b>Exercise 9: Situation Analysis, Ethics</b> Readings and Video Clips TBA:
Session Twelve:	Large Corporations  <b>Exercise 10: Situation Analysis, Dealing with Corporations</b> See Chart for readings and videos.
Session Thirteen:	Balance  <b>Exercise 11: Life-Style Balance</b> See Chart for readings and videos.
Session Fourteen:	Summary of Course  <b>Exercise 12: Open Book Term Paper</b> See Chart for readings and videos.

**This chart is the guide to weekly readings and videos to be studied PRIOR to class discussions.**

(Note: there is some repetition as the material may be related to more than one topic).

Session	3	4	5	6	7	8	9	10	11	12	13
Topic	Mindset	Networks	Bootstrapping	Angels	Partners	Culture	Hiring & Firing	Change Management	VC's & Ethics	Large Corporations	Balance
Video	The Mindset, the Passion, the Idea. Do you have what it takes?	Seven Degrees of Separation	Your Money, My Life: the Pros and Cons of Bootstrapping	Angels: more than just Investors	The Ying and Yang of Business	Culture: Invisible, Intangible, Important	Using your Head and Trusting Your Gut	Change Management. OK, you've arrived, now step aside.	VC's & Investment Bankers: When the Stakes get high, Ethics get low.	David Vs. Goliath: Dealing with Big Corporations	Balance: Your Business or your Life
Book Chapter											
Inking It	X		X								X
The Prequel	X				X					X	
The Frontier	X		X								X
Borderline							X				
Two Worlds						X					
Casting							X				
Confidence	X										
The Majors -Pt 1										X	
The Contract			X							X	
The Mentor		X		X							
Angels		X	X	X							
The Audience	X										
A Square Peg		X									
The Producers		X		X					X		
Top Billing	X		X	X	X						
The Web		X									
Tweening			X								X
East Meets West	X				X			X		X	
The Screenplay		X		X							X
Identity		X		X							X
A Hard Landing									X	X	
A Round Hole				X					X		
Public Relations		X		X	X				X		
Walla					X	X	X				
Spinning Rooms											
A Flashback	X					X					
A Classic Scene		X					X				
Focus						X		X			
Make-up and Hair					X		X				
Bluescreen		X			X						X
The Coup					X				X		
Discontinuity								X			
The Masters							X				
The Star		X					X	X			
The Cast							X	X		X	
Pick-ups						X					

The Ramp		X	X			X	X	
Starving Artist								X
The Premiere						X		X
Fame				X			X	
The Majors -Pt 2							X	
Cliffhanger					X			
Royalties			X					
Continuity				X				
The Sequel	X						X	



**Academic Integrity:** According to the Penn State Principles and University Code of Conduct:

*Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. According to the University's Code of Conduct, you must neither engage in nor tolerate academic dishonesty. This includes, but is not limited to cheating, plagiarism, fabrication of information or citations, facilitating acts of academic dishonesty by others, unauthorized possession of examinations, submitting work of another person, or work previously used in another course without informing the instructor, or tampering with the academic work of other students.*

Any violation of academic integrity will be investigated, and where warranted, punitive action will be taken. For every incident when a penalty of any kind is assessed, a report must be filed, using the *pdf* form at this URL:

<https://intranet.smeal.psu.edu/smeal/integrity/index.html> This form is used for both undergraduate and graduate courses. This report must be signed by both the instructor and the student, and then submitted to the Associate Dean for Undergraduate Programs in 104 Beam Building.

**Affirmative Action & Sexual Harassment:**

The Pennsylvania State University is committed to a policy where all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by Commonwealth or Federal authorities. Penn State does not discriminate against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, gender, sexual orientation, or veteran status. Direct all inquiries to the Affirmative Action Office, 328 Boucke Building.

**Americans with Disabilities Act:**

The Smeal College of Business Administration welcomes persons with disabilities to all of its classes, programs, and events. If you need accommodations, or have questions about access to buildings where Smeal College activities are held, please contact us in advance of your participation or visit. If you need assistance during a class, program, or event, please contact the member of our staff or faculty in charge. Access to **Executive MBA** courses should be arranged by contacting Dennis Sheehan, Office: (814) 863-8512

**An Invitation to Students with Learning Disabilities:**

It is Penn State's policy to not discriminate against qualified students with documented disabilities in its educational programs. If you have a disability-related need for modifications in your testing or learning situation, your instructor should be notified during the first week of classes so that your needs can be accommodated. You will be asked to present documentation from the Office of Disability Services (located in 116 Boucke Building; (814) 863-1807) that describes the nature of your disability and the recommended remedy. You may refer to the Nondiscrimination Policy in the *Student Guide to University Policies and Rules*.