

**FOR BIDDING PURPOSES ONLY**

(Note: This is the Summer 2022 version of the syllabus. Will be updated for Summer 2023—in 2023 the first class will be on May 19 (this course will not meet the weekend of May 12/13))



**EMBA Friday/Saturday  
FOUNDATIONS OF ENTREPRENEURSHIP  
Summer 2022**

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Office Hours: By appointment

**TA: TBD**

**COURSE DESCRIPTION**

Interest in entrepreneurship has skyrocketed. Much of the growth in established and developing economies is driven by scalable startups. The availability of cheaper building blocks has led to an explosion of new ventures, representing exciting opportunities for potential founders, early employees, and investors. Social entrepreneurs are also employing entrepreneurial thinking to address major societal challenges. Beyond startups, established companies are aggressively investing in fostering innovation and seeking out new opportunities to sustain growth and competitive advantage. In short, entrepreneurial thinking is a critical skill sought across industries and sectors.

What does it take to launch a successful entrepreneurial venture? How does it happen? How can we transform an idea and a blank piece of paper into an operating business with customers, cash flow, and profits? And importantly, what are the pleasures and challenges of an entrepreneurial career?

The mission of ***Foundations of Entrepreneurship*** is to expose you to the skills, joys, and challenges of being an entrepreneur, and for those inclined, to prepare you to start and nurture your own businesses, whether you do so immediately or later in your careers. We will work together to develop your skills in opportunity identification and evaluation, as well as your understanding of the steps and competencies required to launch and grow a new venture. Specific topics covered include characteristics of successful startups, techniques for identifying and evaluating new ideas, customer discovery and acquisition, entrepreneurial finance, valuation and deal-making, exits, and learning how to pitch. The course is based mostly on case discussion, enhanced by a combination of mini-lectures, guest speakers, group exercises, and student work on team entrepreneurial projects. The course is appropriate for those with an interest in the unique challenges and opportunities associated with new ventures—this

includes not only potential entrepreneurs, but also those interested in the financing of new ventures, in working at early-stage startups, or in the management of new or small organizations more generally. *Please note that, while all are welcome, the course is designed for students who have limited-to-no experience in the startup ecosystem.*

***Foundations of Entrepreneurship*** provides insights into the following questions:

- How do you distinguish interesting ideas from real opportunities?
- How do you go from a real opportunity to a winning business model?
- How do you turn a winning business model into a successful venture?
- What do you need to consider when seeking funding?
- How do you think about the human side of managing an entrepreneurial venture? What is the perspective of co-founders, employees, and investors?
- What can you do to manage risk and maximize success in your venture?
- Is an entrepreneurial career right for you?

Your ability to answer many of these questions will emerge from developing some foundational skills, such as:

- Using a framework to identify and refine entrepreneurial ideas and understand how those ideas relate to core elements of a business
- Looking at different business models and working through breakeven analysis, cash flow, and other key financial metrics
- Using the customer development process to solicit the earliest possible feedback on your value proposition and the compelling (or not) nature of your business idea
- Better identifying early customers to gain and embrace their feedback
- Constructing founder agreements to minimize tensions that often tear founders apart
- Learning how to pitch ideas to investors, partners, and potential employees
- Understanding the different sources of financing and when each one is appropriate
- Determining the value of new businesses at various stages of development
- Knowing when and how to exit

## **HOW THIS COURSE DIFFERS FROM OTHER ENTREPRENEURSHIP COURSES AT CBS**

This course is distinct from other courses on entrepreneurship and entrepreneurial thinking in two ways:

- ***Foundations of Entrepreneurship*** is the first course in a sequence of three “spine” courses: (1) Foundations of Entrepreneurship; (2) Launch Your Startup; and (3) Entrepreneurial Greenhouse. This course is especially relevant for those who do not have a venture idea or only have an early-stage idea.
- This course serves as the gateway to the entrepreneurship curriculum at CBS. It provides a broad survey of concepts and concrete skills that benefit not just aspiring entrepreneurs, but also those who want to work for an early-stage startup, operate entrepreneurially within a more mature organization, invest in new ventures, or a combination of these options. The course is designed for students who (a) have limited

or no experience in the startup world, or (b) have some experience but do not yet have a fully developed business idea or team.

As an introductory course, we cover many topics that are explored in more detail in other course offerings. At the same time, we will also address a range of relevant topics not covered elsewhere. Because of this, ***Foundations of Entrepreneurship*** can be taken in advance of, or in combination with, other entrepreneurship electives.

With that in mind, if you already know that your goal is to explore a specific venture idea in depth, you might consider taking ***Launch Your Startup*** instead. It is an accelerated, applied course that is more project-based and allows students to work individually. If you are primarily interested in deal structure, consider ***Entrepreneurial Finance***. ***Foundations of Innovation*** focuses on the innovation process, and ***Foundations of VC*** explores venture capital and angel investing. ***Global Entrepreneurship*** surveys key issues related to operating ventures in global settings. Or if your interest is family businesses, you might consider ***Family Business Management***. We touch on many of these topics, but clearly not as deeply as a course dedicated to the subject. A single course cannot fully cover all issues that entrepreneurs face in evaluating opportunities, securing resources, and growing their businesses. We must be realistic about what a 12-session course can accomplish. An important objective of the course, therefore, is to highlight key issues and develop an agenda for future learning. For more information on courses, please visit the [entrepreneurship curriculum site](#) and see the detailed [entrepreneurship course planner map](#).

## **COURSE MATERIALS & REQUIREMENTS**

All cases and readings for this course will be posted on Canvas. Lecture slides and videos will be posted after each class session. There is no textbook.

There are three requirements for the Foundations of Entrepreneurship course: 1) online polls for (almost) every class, 2) class participation, and 3) a team venture project, including a pitch presentation and paper.

### **1) Online Polls:**

For each session, you are required to complete an online poll (link posted on Canvas) that is composed of a set of questions related to the case(s) for that session. Submissions are due by **11pm on the evening before each class** meets. Your poll answers are typically presented during the class discussion. You are welcome to discuss the case with your classmates, but your poll answers must be based upon your own careful analysis. Some poll questions are subjective, while others have correct answers. If you complete the polls you will get full marks (regardless of whether your answers are correct) provided that your answers are based upon your own analysis (per the honor code).

Answering the poll questions should not take much time beyond your normal preparation for class. As a guideline, you should aim to spend no more than 15 minutes answering the poll questions (not including the time needed to read and prepare the cases)—some polls may take

you as little as 5 minutes to answer, while others may take you up to 20 minutes, depending on how comfortable you are with the particular subject matter. For the short answer questions in the polls, I am looking for only 1–3 succinct sentences or bullet points. These polls serve as a starting point for our class discussions.

## **2) Class Participation:**

The class experience works best when everyone comes ready to actively participate and engage. You will be evaluated on the quantity as well as the quality of your contribution and insights, with greater weight on quality. You should never hesitate to comment because you are concerned that you are wrong or unsure of your opinion. Many of the benefits of this course will be obtained through in-class discussions and exercises. Especially in an area like entrepreneurship, learning occurs through interaction, and we depend upon each other to make this class vibrant. Please plan to prepare for and attend each class session and come ready to engage.

Quality class participation is an essential part of the learning process in this course, and a chief criterion for this component of the grade is your constructive contribution to the learning of others. Accordingly, positive contributions to class discussion include, but are not limited to: a) Moving the discussion and analysis forward to inspire new insights among peers, b) Building on the comments of others, c) Providing insights that show evidence of analysis and go beyond mere opinion/feeling or repetition of case facts, d) Offering a different, unique, and relevant perspective on the issue, e) Connecting related personal experiences in ways that illuminate the topics being discussed, and f) Asking good and thought-provoking questions. Good participation also involves listening carefully to and actively supporting and engaging your peers.

Attendance will be taken at each class, and failure to attend class will have a significant impact on your class participation grade. If you cannot attend a class, please ***notify me in advance***. Please also make it a priority to be on time, and bring your name cards to every class. Finally, you should expect cold calls—cold calling is designed to move the discussion along and give all students in the class a chance to participate, not to intimidate or create a hostile environment. If you are unprepared for any session and you let me know before class, I will not cold call you during that session.

## **3) Venture Project—Final Presentation and Paper:**

Students will form self-selected teams (of 5 students) to explore and develop an idea for a new business. At the end of the semester, each team will make a 7- to 10-minute final presentation of their project, followed by Q & A. For the presentation, teams will prepare a 10- to 12-slide investor PowerPoint pitch. A final paper is also required. The paper is a maximum of eight single-spaced pages (12-point font), plus five appendices (see details below). The PowerPoint pitch deck is due on the last day of class and the paper is due on Wednesday, August 31.

Each team is required to meet with me at least once (by Zoom for 30 minutes) to discuss their projects. I will also be available for additional optional project-update meetings.

Your project will be graded along four dimensions: 1) the quality of the final project and the entrepreneurial insight; 2) the learning and progress that has occurred throughout the semester; 3) the diligence with which you have executed the study; and 4) the quality of the pitch or presentation. I am looking for interesting (but not necessarily “ready-to-bring-to-market”) ideas that have been well developed and iterated based on customer feedback, and that are also well researched and presented. Keep in mind that the quality of your team’s final idea is not the majority determinant of your final project’s grade, and it is possible to receive a high grade even if the idea is not of the highest quality.

The paper should address the following aspects of your proposed venture:

- Brief Description of the Opportunity
- Analysis of Market and Customer Segments
- Description of Product or Service and Value Proposition
- Identification of Competition and Competitive Insulation
- Key Risks
- Timing and Financing

In addition, there are five important appendices that support your venture proposal:

#### **Appendix 1: Business Model Canvas**

The Business Model Canvas: Summarizes the key components of your business model (customers, value proposition, revenue streams, etc.)

#### **Appendix 2: Customer Discovery**

Summarize, in no more than 5 pages, what you learned about your venture idea from Customer Discovery, including market and value proposition analysis. Please include brief summaries of interviews with at least 15 named (not anonymous) strangers/non-CBS students. Provide one short summary paragraph per interview. A stranger is someone you do not know, but have reason to believe has knowledge that will assist you in evaluating your idea. Important interviews with people previously known by you can also be included and can be valuable, but do not count towards the required 15 interviews. These interviews can and should include: potential customers (including, if applicable, purchase decision makers, distributors, store buyers, and end-users), suppliers, investors, people in similar businesses, experts, etc.

#### **Appendix 3: Breakeven Analysis**

Provide a “simple” one-page breakeven analysis. Identify your economic unit of analysis (typically a single sale). Identify and list your venture’s important fixed costs, including amortized capital expenses. Determine selling price, variable costs, and the marginal contribution from each sale. ***Be certain to list all of your assumptions.*** Divide fixed costs by marginal contribution to determine your break-even point. Calculate break even in terms of U.S. dollars and unit sales. After completing the analysis, assess and comment on the likelihood of your venture being profitable.

#### **Appendix 4: Cash Flow Analysis**

Provide a cash flow analysis. Start by listing (1) all potential sources of income, loans and investments, (2) all major expenditures, including items that will be capitalized and amortized, and (3) the assumptions used to calculate your financials. Do this monthly, until your cash flow turns positive, and then yearly starting in the following year. Leave yourself a cash balance, as a cushion, at the end of each period equal to at least three months' expenses. Remember to plug in the source and timing of equity investments and/or borrowings. Your cash flow analysis should answer three questions:

- 1) In what month are you cash flow positive?
- 2) In what month do you recoup your total investment?
- 3) What is the long-term potential of the business?

#### **Appendix 5: Action Plan/Roadmap for Launch**

Create a to-do list or action plan for launching your proposed venture. This should include a list of your organizational, development, production, and sales goals, and the step-by-step tasks that need to be accomplished to achieve these goals. Describe the theoretical backgrounds and competencies of the full- and part-time team members and/or advisors you would need to recruit to ensure the successful completion of these tasks. Examples of necessary tasks, from the mundane to the sophisticated, not necessarily in order, might include: (1) Meeting with actual customers and securing orders; (2) Lining up possible distributors; (3) Lining up manufacturers and/or sources of supply; (4) Identifying and securing key personnel; (5) Finding and renting office space and equipment; (6) Securing financing; (7) Establishing key partnerships; and (8) Coming up with a founders' agreement/memorandum of understanding. Be sure to highlight any crucial milestones you are aiming for.

#### **GRADING**

The following weights will be used to calculate grades for the course:

Online Polls	20%
Class Participation	40%
Final Presentation and Paper	40%

***At the end of the course, each student will be asked to complete a confidential poll indicating the percentage that each team member contributed to the final project. This will contribute toward your final grade.***

#### **COURSE SCHEDULE**

I have attached a detailed three-page course schedule. This lists the required cases and readings for each session and the due dates for your assignments. Please read the course schedule carefully. I reserve the right to make occasional adjustments to the scheduling. This may include, on occasion, the reduction or elimination of a case discussion.

I look forward to getting to know you in class!!

# Foundations of Entrepreneurship – Course Schedule

Session	Topics	Cases & Readings	DELIVERABLES
<b>1</b> <b>May 21</b> <b>(3:45–6:45pm)</b>	Course Overview Ideas & Innovation	<b>Read:</b> The Founder’s Dilemma; Why Start-ups Fail	<ul style="list-style-type: none"> <li>Intro Poll &amp; Resume Upload (by 11pm on Fri, 5/20)</li> </ul>
<b>2</b> <b>June 3</b> <b>(8:30–11:30am)</b>	Elevator Pitches (one-minute pitches) Opportunity Analysis	<b>Case:</b> PieSky Ventures  <b>Optional Reading:</b> Glossary of VC Terms	<ul style="list-style-type: none"> <li>Poll #1 (by 11pm on Thurs, 6/2)</li> <li>One-minute pitches (in class)</li> </ul>
<b>3</b> <b>June 4</b> <b>(3:45–6:45pm)</b>	More Opportunity Analysis Startup Financing	<b>Case:</b> Zipcar: Refining the Business Model  <b>Read:</b> Raising Startup Capital (pp. 1–19)	<ul style="list-style-type: none"> <li>Poll #2 (by 11pm on Fri, 6/3)</li> <li>Start forming into teams for your venture projects (in class)</li> </ul>
<b>4</b> <b>June 18</b> <b>(12:30–3:30pm)</b>	Business Models Lean Startup	<b>Case:</b> Dropbox: ‘It Just Works’  <b>Watch:</b> <a href="#">Osterwalder explaining the Business Model Canvas in 6 Minutes</a> <b>Read:</b> The Business Model Canvas (pp. 1–7); Hypothesis-Driven Entrepreneurship (pp. 1–12, 17); Startup Killer: The Cost of Customer Acquisition <b>Optional Reading:</b> Understanding Customer Lifetime Value: A Non-Geek’s Guide	<ul style="list-style-type: none"> <li>Group: Finalize teams + submit team member list (by 11pm on Thurs, 6/16)</li> <li>Poll #3 (by 11pm on Fri, 6/17)</li> <li>Group: One-page venture project description (by class time; upload to Canvas)</li> </ul>
<b>5</b> <b>July 8</b> <b>(8:30–11:30am)</b>	Startup Financing	<b>Guest Speaker:</b> TBA  <b>Read:</b> How Venture Capitalists Make Decisions	<ul style="list-style-type: none"> <li>Poll #4 (by 11pm on Thurs, 7/7)</li> <li>Group: Business Model Canvas (by class time; upload to Canvas)</li> </ul>

Session	Topics	Cases & Readings	DELIVERABLES
	Customer Discovery	<p><b>Case:</b> Dinr: My First Startup (A)</p> <p><b>Read:</b> 12 Tips for Early Customer Development Interviews; How Startups Can Build Effective Buyer Personas</p> <p><b>Optional Readings:</b> What is Crowdfunding?; The Ultimate List of Customer Development Questions</p>	
6 July 9 (12:30–3:30pm)	Customer Discovery International Entrepreneurship	<p><b>Case:</b> Praava Health: A New Model for Bangladesh</p> <p><b>Read:</b> Beyond Silicon Valley</p> <p><b>Optional Reading:</b> Global Startup Ecosystem Report 2022—Excerpts</p> <p><b>Guest Speaker:</b> TBA</p>	<ul style="list-style-type: none"> <li>• Poll #5 (by 11pm on Fri, 7/8)</li> </ul>
<b>Schedule 30-minute Team Meeting #1 (Zoom) with Prof. Wu on July 14–20 or July 27–31 to discuss project progress (Required)</b>			
7 July 23 (8:30–11:30am)	Early Pitch Decks Breakeven Analysis	<p><b>Case:</b> Early Pitch Decks</p> <p><b>Read:</b> Marketing Analysis Toolkit: Breakeven Analysis</p> <p><b>Optional Reading:</b> Breakeven Analysis and Operating Leverage: Understanding Cash Flow</p>	<ul style="list-style-type: none"> <li>• Poll #6 (by 11pm on Fri, 7/22)</li> <li>• Group: Summary of 15 customer discovery interviews + Revised BMC (by class time; upload to Canvas)</li> </ul>
8 August 5 (12:30–3:30pm)	Startup Financing Founding Teams	<p><b>Case:</b> BuildingWatch (A)</p> <p><b>Read:</b> Raising Startup Capital (pp. 20–25)</p> <p><b>Guest Speaker:</b> TBA</p>	<ul style="list-style-type: none"> <li>• Poll #7 (by 11pm on Thurs, 8/4)</li> </ul>



Session	Topics	Cases & Readings	DELIVERABLES
9 August 6 (12:30–3:30pm)	Entrepreneurial Organizations	<p><b>Case:</b> Negotiating Equity Splits at UpDown + UpDown—Confidential Instructions (by email)</p> <p><b>Read:</b> Founders' Agreements; Co-Founder Equity Split: A New Framework</p>	<ul style="list-style-type: none"> <li>• Poll #8 (by 11pm on Fri, 8/5)</li> <li>• Group: Breakeven/Cash Flow Assumptions + Revised BMC (by class time; upload to Canvas)</li> </ul>
<b>OPTIONAL: Schedule 30-minute Team Meeting #2 (Zoom) with Prof. Wu in August to discuss project progress</b>			
10 August 19 (3:45–6:45pm)	More Early Pitch Decks More New Venture Finance	<p><b>Case:</b> Evaluating Venture Capital Term Sheets</p> <p><b>Read:</b> NVCA Model Term Sheet</p> <p><b>Optional Reading:</b> Exiting with Grace - and Profit</p>	<ul style="list-style-type: none"> <li>• Poll #9 (by 11pm on Thurs, 8/18)</li> </ul>
11 August 20 (8:30–11:30am)	Customer Validation Launching Startups	<p><b>Read:</b> A Catalog of Pivots</p> <p><b>Optional Reading:</b> Startup Metrics</p> <p><b>Guest Speaker:</b> TBA</p>	<ul style="list-style-type: none"> <li>• Poll #10 (by 11pm on Fri, 8/19)</li> </ul>
12 August 26 (12:30–3:30pm)	<p><b>VENTURE PROJECT PRESENTATIONS! (Attendance Required)</b></p>		<ul style="list-style-type: none"> <li>• <b>Group: Venture Pitch Deck</b> (by class time; upload to Canvas)</li> <li>• <b>Group: Venture Proposal Paper</b> (by 11pm on Wednesday, 8/31; upload to Canvas, email <u>single</u> complete PDF to <a href="mailto:geraldine.wu@columbia.edu">geraldine.wu@columbia.edu</a>)</li> <li>• Venture Project Team Participation Poll (by 11pm on Friday, 9/2)</li> </ul>