



## ENTREPRENEURIAL GROWTH

Fall Semester – 2011

MAN 385 - Unique #04725

<b>Professor</b>	<b>John N. Doggett</b>
<b>Class Times</b>	<b>Mondays and Wednesdays from 11:00 to 12:15 pm</b>
<b>Class Room</b>	<b>UTC 1.118</b>
<b>Office</b>	<b>CBA 5.124K</b>
<b>Office Hours</b>	<b>Wednesdays from 5:15 to 6:15 pm or by appointment</b>
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### Course Objectives

I have taught this course since late in the last century. Today, as we approach a second global recession, helping people learn how to grow firms as aggressively and astutely as possible will play a role in speeding the beginning of a new recovery. When companies like Cisco and HP abandon major market segments, it is even more important to think critically about how to grow a firm's products. Given the chaotic period that we are entering, I have made several significant changes to this course.

First, I have done away with the individual midterm. The "next" recovery will be a group effort. So will your midterm.

Second, I have assigned you four books. Yes, four. These are, quite simply, four of the best books out there on how to think about innovation, competition and how to grow a business. They will become "let me read that again" go-to books that you will use long after you graduate from UT.

Third, I am going to press myself and all of you harder than I ever have. I fear that this new global recession will be deeper and more destructive than the one that hit us in 2007-2009. And that recession was the worst since 1948. I want to make sure that each and every one of you is prepared to take advantage of the economic chaos that is buffeting the world.

This course is for students who want to explore the challenges of running and growing an entrepreneurial company or a division of an established firm. We start by looking at the most basic question. Can the firm grow; should the firm grow? Since growth is a choice, we will also look at the trade-offs between aggressive growth and what venture capitalists call "life

style" businesses. We will also look at the importance of identifying opportunities for new product development and responding to competitive threats.

We will then look at how managers can learn how to identify and respond to strategic inflection points that shape the growth potential of all firms. This is a critical first step before one can decide what growth model makes the most sense for a firm.

We will focus on the key things that managers must do to determine:

1. What is the right type of growth?
2. How much growth their firms can manage and
3. What their competitors will do in response.

Since growth is not a given, we will also look at the challenges that threaten the viability of firms that have escaped the launch pad and those that have been in existence for some time. A crucial part of our analysis will be to better understand how managers can anticipate and respond to the reaction of competitors to their growth strategies.

No course on entrepreneurial growth would be complete without asking the "was it all worth it?" question. While many think that owing a firm that is experiencing hyper-growth is a dream come true, the reality is that such explosive growth is like jumping out of an airplane with your hair on fire without a parachute. That is not for everyone. This course will continually ask students to look at the personal challenges of being the owner/manager of a growing, entrepreneurial firm.

Many of the cases in this course look at the challenge of growth from a non-US perspective. This is to help you understand the explosion in entrepreneurship that is happening outside of the US.

As you prepare for each case, keep these questions in the back of your mind:

1. How can we beat the competition?
2. Which customers should we target? Which customers should we avoid?
3. What's the right way to segment our markets? What products will our customers want to buy?
4. How should we distribute our products?
5. How do we communicate with our customers and create a strong brand?
6. Which things should our company do and which should we let our partners and suppliers do?
7. How can we delay commoditization and how can we respond when it begins to happen?
8. Who should we appoint to run this business?
9. Is this employee likely to succeed or fail in this assignment?

10. What's the right organizational structure for this company or business unit?
11. How do we develop a viable strategy?
12. Whose investment capital will help us succeed, and whose money might poison our chances of success?
13. How can we build a productive culture in our company?
14. How can we change a culture that has become unproductive?
15. How can I get my employees to enthusiastically support a new course of action?
16. How do we manage and control the resource allocation process?
17. Should we acquire a new company as a way of building capacity? If so, should we integrate the acquisition into the company, or keep it as a separate organization?

## Leadership and this Course

Each student must participate in a group project during the semester. The goal of these projects will be to help real entrepreneurs manage the growth of their firms. Groups of students will work with venture capital firms, the Austin Technology Incubator and local Chambers of Commerce to identify entrepreneurial firms facing major growth challenges. Each team will then help these firms develop strategies to grow.

Project firms can be in Austin, or anyplace on the planet. The requirements are that the firm must have a serious growth challenge that they want the team to address, they are willing to provide the team with complete financial visibility to the issues that you are working on and they will take your recommendations seriously. Each project team must submit a project proposal to Professor Doggett for approval.

These projects will help you develop your leadership skills in a number of ways. First, you will learn how to "manage" groups of peers where each student cannot be the group leader. Second, you will learn to manage the client relationship with CEOs and other senior company officials to maximize the value that your team provides their firm. Finally, by observing and reflecting on the dynamics of your team and your client company, you will develop a deeper understanding of what entrepreneurial leadership requires.

## Materials

**Case Packet:** You must purchase your case packet from [www.hbsp.edu](http://www.hbsp.edu)

**Books:** Purchase on-line or at a bookstore. They are *not* in the Co-op.

***The Innovator's DNA:*** *Mastering the Five Skills of Disruptive Innovators*, Clayton M. Christensen, Jeff Dyer, Hal Gregersen, HBS Press, July 12, 2011.

***The Four Steps to the Epiphany:*** *Successful Strategies for Products that Win*, Steven Gary Blank, Cafepress.com, September 2010 edition.

***The Innovator's Solution: Creating and Sustaining Successful Growth*** by Clayton M. Christensen and Michael Raynor, HBS Press, 2003.

***Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist***, Brad Field and Jason Mendelson, John Wiley & Sons, July 5, 2011.

## **Course Requirements and Grading**

**Grading:** This course *MUST* be taken for a letter grade.

**Class Participation = 50%**

This is a case-based course. Case courses help students become better entrepreneurs and managers by requiring them to conduct detailed analysis, develop managerial plans of action and defend these action plans in class. This course will require a *minimum of 4 hours* of work per class. You must spend at least 3 hours analyzing each case and at least 1 hour preparing an action plan that is supported by rigorous analysis for each case prior to class.

I have assigned four books that will help you understand the dynamics of entrepreneurial growth. Reading these books will require at least one and a half additional hours of work per class. Each student must also join a study group of fellow students and spend a minimum of one hour discussing each case prior to class. During our class sessions, each student must be prepared to actively participate in the discussion of every case.

Your class participation grade will be based primarily on the quality of your comments, not on the quantity. Comments that demonstrate a thorough analysis of the issues presented by each case, an awareness and appreciation of the comments made by fellow students, implementation of the frameworks from the readings that add to the learning process of the class will receive high grades. Comments that ignore the content and flow of the discussion or that reflect inadequate preparation will receive low grades.

**Group Presentations = 30%**

During the semester, each of you will participate in a group analysis of a significant growth opportunity that a business has. Your group's job will be to help them develop a strategy for sustained growth. Your group will present both a paper and an in-class presentation at the end of the semester. Each group member must actively participate in the development of the report and the presentation. Each group will be required to spend significant time with the entrepreneur. You must also meet with me for three separate meetings during the semester.

**Group Mid-term Exam = 20%**

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Each of you must join a study group to help you prepare for class. That study group will also be tasked with spending a weekend reading, analyzing and developing an action plan for a case for a mid-term exam. Examination grades will reflect your group's success in identifying key challenges faced by the manager, developing a realistic plan of action to respond to the managerial challenges presented by the exam Case and performing in-depth quantitative and qualitative analysis to support your group's action plan.

### **Missing Class Policy**

I know that one of your priorities may be to get a job as we enter the second global recession since 2007. My policy on missing classes is as follows.

You must submit a 10-page write up for every case that we covered when you missed a class. This 10-page write up must be submitted to the class TA by the beginning of the next class. If you do not submit one paper per missed case to the TA by the beginning of the next class, your maximum potential grade for the semester will be reduced by  $\frac{1}{2}$  of a letter grade.

If you miss more than one class, your maximum potential grade for the semester will be reduced by  $\frac{1}{2}$  of a letter grade for each additional class that you miss, if you submit the 10-page paper by the beginning of the next class. If you miss more than one class and do not submit the 10-page paper by the beginning of the next class, your maximum potential grade for the semester will be reduced by 1 full letter grade.

I will waive the  $\frac{1}{2}$  or 1 grade penalty for exceptional circumstances that are related to the health or safety of yourself, your spouse, your children, your family or your significant other.

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## **Schedule**

- 1. Wednesday, August 24, 2011**
  - a. Note:** *Note on Low-Tech Marketing Math*
  - b. Lecture:** *Every Business is a Growth Business*
  
- 2. Monday, August 29, 2011**
  - a. Note:** *Growing Your Business in a Downturn*
  - b. Lecture:** *Every Business is a Growth Business, continued*
  
- 3. Wednesday, August 31, 2011**
  - a. Case:** *Kate Spade*
  
- 4. Wednesday, September 7, 2011**
  - a. Note:** *Blue Ocean Strategy*
  - b. Case:** *Chegg: Textbook Rental Takes Flight*

5. **Monday, September 12, 2011**
  - a. Note: ***Note on Business Model Analysis for Entrepreneurs***
  - b. Case: ***Globant***
  
6. **Wednesday, September 14, 2011**

**No Class – Group Project Work**
  
7. **Monday, September 19, 2011**
  - a. Case: ***Oprah Winfrey***
  
8. **Wednesday, September 21, 2011**
  - a. Case: ***M-Tronics (A)***
  
9. **Monday, September 26, 2011**
  - a. Case: ***Hotel Perennial***
  
10. **Wednesday, September 28, 2011**
  - a. Case: ***Blue Man Group: Creativity, Life and Surviving an Economic Meltdown***
  
11. **Monday, October 3, 2011**
  - a. Case: ***Savage Beast (A1)***
  
12. **Wednesday, October 5, 2011**
  - a. Case: ***International Entrepreneurship at Infusion***
  
13. **Monday, October 10, 2011**
  - a. Case: ***PremiumSoft: Managing Creative People***
  
14. **Wednesday, October 12, 2011 [Midterm distributed at the end of class]**
  - a. Case: ***Better World Books***
  
15. **Monday, October 17, 2011 [Midterm due at the beginning of class]**
  - a. Case: ***Utilis: Designing, Producing, and Selling Rapid Deployment Shelters for a Troubled World***
  
16. **Wednesday, October 19, 2011**
  - a. Case: ***1366 Technologies: Scaling the Venture***
  
17. **Monday, October 24, 2011**

**No Class – Group Project Work**

**18. Wednesday, October 26, 2011****Discuss Midterm****19. Monday, October 31, 2011**

- a. Case: *Fortescue Metals Group: Becoming "The New Force in Iron Ore"*

**20. Wednesday, November 2, 2011**

- a. Case: *Semiconductor Manufacturing International Co. in 2011*

**21. Monday, November 7, 2011**

- a. Case: *Emerging Business Opportunities At IBM (A)*

**22. Wednesday, November 9, 2011**

- a. Note: *Social Media*  
b. Case: *Demand Media*

**23. Monday, November 14, 2011**

- a. Case: *Salud Digna: Dignified Health for Everyone*

**24. Wednesday, November 16, 2011**

- a. Case: *Cambridge NanoTech*

**25. Monday, November 21, 2011**

- a. Case: *"Lather, Rinse, Repeat": FeedBurner's Serial Founding Team*

**26. Wednesday, November 23, 2011*****Group Presentations*****27. Monday, November 28, 2011*****Group Presentations*****28. Wednesday, November 30, 2011*****Group Presentations***