

## 1238.3601.01 – The Entrepreneurial Process

### Prerequisites: Financial Accounting

#### Module 5 – 2015/16

#### Course Section Details

Day	Hour	Classroom	Lecturer	Email	Office
Sun, July 17 <sup>th</sup>	08:30-13:00	Dan David room 303	Prof. Danny Warshay	<a href="mailto:dwarshay@dewventures.com">dwarshay@dewventures.com</a>	TBD
Mon, July 18 <sup>th</sup>					
Tues, July 19 <sup>th</sup>					
Sun, July 24 <sup>th</sup>					
Mon, July 25 <sup>th</sup>					
Tues, July 26 <sup>th</sup>					

Teaching Assistant (TA): Jonah Fisher, [JonahcFisher@gmail.com](mailto:JonahcFisher@gmail.com)

Office Hours: By appointment

#### Course Units

Course Units: 2 cu

4 ECTS (European Credit Transfer and Accumulation System) = 1 course unit

By making higher education comparable across Europe, ECTS makes teaching and learning in higher education more transparent and facilitates the recognition of all studies.

#### Course Description

Taught via Socratic method, this course will use case studies that explore essential elements of the entrepreneurial process: Defining Entrepreneurship; Recognizing Opportunities and Developing Business Models; Assembling The Team; Raising Financial Resources; Managing Uncertainty; Managing the Growing Venture; and Realizing Value.

The format of this course will follow a typical Harvard Business School methodology. It will expect that students will have enough prerequisite background to manage the rhythm and demands of a case study approach; and that students will be able to apply what they learn

through their own analyses of cases and other materials individually and in groups (i.e., in class discussions, in written assignments, and in a final case examination).

The primary objective of the course is to enable students to apply fundamental management principles and financial analysis developed earlier in the MBA program to focus on specific demands of the entrepreneurial process, and, throughout the course, to develop confidence and acquire the tools needed to launch something on their own.

This course will be rigorous and demanding. Students who meet this challenge and work hard will find the process satisfying, and will reap significant rewards for the commitment and investment they make, at Sofaer and throughout their professional careers.

### **Study Groups**

Small groups of students who meet before class to compare and contrast their own individual case analyses can be another invaluable collaborative learning experience. The success of these groups depends on each participant preparing the case before the group gathers. Study groups will form naturally, although any student unable to find a suitable group should approach the professor for assistance.

## **Course Objectives**

**By the end of this course you will:**

1. Master and apply the structured entrepreneurial process
2. Use the Socratic Method to solve authentic entrepreneurial challenges portrayed in Harvard Business School case studies
3. Develop entrepreneurial confidence in some ways significantly outside of your comfort zones
4. Hone and enhance your analytical, writing and verbal skills
5. Build your entrepreneurial network onsite and through the Warshay Innovation Network of several thousand Entrepreneurial Process alumni worldwide

## **Assessment and Grade Distribution**

<b>Percentage</b>	<b>Assignment</b>	<b>Date</b>
50%	Classroom participation	
20%	Two Written Case Analyses	
30%	Final Case Study Examination	TBD

### **Guidelines for Student Evaluation**

**1. Classroom Participation** – The basis for high-quality classroom participation is diligent preparation. Students should expect to spend sufficient time reading, assessing, and analyzing each case study on their own, and are encouraged to conduct further analysis in study groups prior to each class. Each class focused on a case study will begin with a cold call of a student to open the class, typically with his or her own assessment of the case (e.g., “use the POCD model to evaluate the company,” or “what would you do if you were the protagonist entrepreneur and why?” or “would you invest in this company if you were a

venture capitalist and why?"). Throughout the rest of the class, students will be asked to support or challenge the initial opening, as the professor facilitates a case discussion. This Socratic approach will enable students to discover, analyze, and demonstrate mastery over the key issues of the case. Reading the assigned resources will arm students with tools and vocabulary required to analyze cases, and students should expect to be cold called about those readings as well. Because classroom participation is so central to the success of each student and to the collective experience of the entire class, attendance in all classes is mandatory. Even one absence will seriously impair any student's ability to succeed in this course.

**2. Two Written Case Analyses** – Students will submit written analyses of case studies after they are discussed in class. These one- to two-page papers should begin with a clear and concise recommendation and follow with succinct supporting analysis. There is no need to summarize the case and the tone should be more professional and businesslike than academic. The strict deadlines for submission are listed below.

**3. Final Case Study Examination** – The final exam will be a case that requires students to draw on the methodologies and entrepreneurial processes covered throughout the semester.

\*According to University regulations, a student must be present in every lesson (Article 5).

\* The lecturer reserves the right to have a student removed from a course if the student is absent from a class with mandatory participation or did not actively participate in class. (The student will remain financially responsible for the course irrespective of his/her removal from the course)

## Course Assignments

### Statement of Personal Objectives

Please submit a one-page statement of your background and personal objectives for this course. This should address the following: (A) What do you personally want to get out of the course? (B) A brief description of your background, any small company or entrepreneurial experience, activities, undergraduate major, and what you hope to do after Sofaer. (C) Which program you are in (e.g., Sofaer, EMBA). Please also include a permanent, non-Tel Aviv University email address that will work after you graduate (e.g., gmail) and your cell phone number. With "Sofaer Entrepreneurial Process" in the subject, by close of business on July 10<sup>th</sup>, please e-mail your statement to [dwarshay@dewventures.com](mailto:dwarshay@dewventures.com) and [dan@valiant.co.il](mailto:dan@valiant.co.il)

IMPORTANT: please note that you need to come to class -- BEGINNING WITH THE VERY FIRST CLASS -- having read that session's case studies and supplemental readings, ready to be cold called. The R&R case and the note *Some Thoughts On Business Plans* are required for the first half of the first class on July 17<sup>th</sup>, and the Aravind Hospital case and the note *A Perspective on Entrepreneurship* are required for the second half of the first class on July 19<sup>th</sup>. The following study questions to help guide your preparation for the R&R and Aravind cases are below.

### **R&R**

1. Use the POCD model from the *Some Thoughts On Business Plans* article to evaluate this business.
2. What obstacles did Bob Reiss face and how did he overcome them?
3. How successful was Reiss (be sure to quantify your answer with some financial numbers).
4. What factors contributed to his success?

### **Aravind**

1. Use the POCD model from the *Some Thoughts On Business Plans* article to evaluate Aravind.
2. Identify the key factors that have led to Aravind's success.
3. Quantify some of the operational success factors (again, be sure to run some numbers here, financial and otherwise).
4. Would you like to work at Aravind? Why or why not?
5. Are there any weaknesses in Aravind's model?
6. Using Howard Stevenson's definition of entrepreneurship from page three of the *Perspectives on Entrepreneurship* article ("pursuit of opportunity without regard to the resources currently controlled"), do you consider Dr. V. an entrepreneur? How about Bob Reiss from R&R?

Should a student become unable to complete an assignment or course requirement, s/he must notify the TA of the course in advance via email

## **Grading Policy**

As of the 2008/9 academic year the Faculty has implemented a grading policy for all graduate level courses.

This policy applies to all graduate courses in the Faculty, and will be reflected in the final course grade.

Accordingly, the final average of the class for this course (which is an elective course) will fall between 82-87%.

Additional information regarding this policy can be found on the Faculty website.

## **Evaluation of the Course by Student**

Following completion of the course students will participate in a teaching survey in order to evaluate the instructor and the course for the benefit of the students and the university.

## Course Site (Moodle)

The course site will be the primary tool used to communicate messages and material to students. Please periodically check the course site before and after each session for details about assignments and session slides and other follow-up materials.

## Course Outline\*

Date	Session	Case/Reading	Assignments Due
<b>I. What is an Entrepreneur?</b>			
July 17	1	R&R <i>Some Thoughts On Business Plans</i> In-class video: Bob Reiss	
July 17	2	The Aravind Eye Hospital <i>A Perspective on Entrepreneurship</i> In-class video: Dr. V.	
<b>II. Getting Started: Entrepreneurial Fundamentals</b>			
<b>a) Recognizing Opportunities and Developing Business Models</b>			
July 18	1	Profit Logic <i>Why Business Models Matter</i> <a href="#">Jump Start Your Business Brain</a> (focus on Ch. 2-4) In-class video: Scott Friend	
<b>b) Assembling The Team</b>			
July 18	2	Zipcar (skim) Ockham Technologies <ul style="list-style-type: none"> <li>● <i>Splitting the Pie</i></li> <li>● <i>Benefits of Having an Independent Board</i></li> <li>● <i>Think Big</i></li> </ul> In-class video: Robin Chase	
July 19	1	Precise Software <a href="#">Art of the Start</a> <i>Founder's Dilemma</i>	
<b>c) Raising Financial Resources</b>			
July 19	2	<ul style="list-style-type: none"> <li>📄 <i>Buzz Article: Equity Instruments and Term Sheet Provisions</i></li> <li>📄 <i>Cool Fuel Term Sheet</i></li> </ul> Post-class video: Bill Stone, OutsideGC Honest Tea <i>New Venture Financing</i> <i>How Venture Capital Works</i>	
July 21 09:00			<b>Paper 1 due by email to Jonah Fisher</b> <a href="mailto:JonahcFisher@gmail.com">JonahcFisher@gmail.com</a>

July 24	1	Parenting Magazine <i>HBS Pre- and Post-Money Online Tutorial</i> <i>Venture Capital Valuation Method</i>	
July 24	2	Celtel International <i>Legal Forms of Organization</i>	
<b>d) Managing Uncertainty</b>			
July 25	1	E Ink: Financing Growth	
July 25	2	Mercury Rising: Knight Ridder's Digital Venture Corporate New Ventures at P&G (skim) <i>Disruptive Technologies: Catching the Wave</i> In-class video: Bob Johnston, Doug Bate, Insigniam	
<b>III. Managing the Growing Venture</b>			
July 26	1	Shurgard Self-Storage: Expansion to Europe (Abridged) In-class video: Shurgard	
<b>IV. Realizing Value</b>			
July 26	2	Kendle International <i>A Note on the IPO Process</i> Kate Spade <i>Monk and the Riddle</i>	
July 28 09:00			<b>Paper 2 due by email to</b> <a href="mailto:dan@valiant.co.il">dan@valiant.co.il</a>
		Final Examination	<b>TBD</b>

\*Subject to change

## Required Reading

Our primary source of notes, cases and online tutorials will be Harvard Business School Publishing, and students will receive those materials directly from Sofaer. Please regularly check our Moodle site as it will be the primary tool used to communicate messages and to distribute materials, including class slides, both before and after sessions.

To register for the tutorial, "*Pre-Money/Post-Money Valuation*," students will create an account at [Hbsp.harvard.edu](http://Hbsp.harvard.edu) according to instructions from Sofaer.

If you experience technical difficulty, please contact the Technical Support Group: Phone: 1-617-783-7700 Email: [techhelp@hbsp.harvard.edu](mailto:techhelp@hbsp.harvard.edu).

The other *required* resources will expose the class to additional cutting-edge thinking about entrepreneurship. For me, they have been instructional, practical, and inspirational, and I hope they will be for you too, well beyond this class itself. As for the *recommended* resources, I encourage you to read them to the extent you have time and interest in the particular subject. I especially recommend *The Case Study Handbook* to anyone interested in explicit guidance for reading and analyzing Harvard case studies.

Required:

- HBS Publishing Notes and Cases, Online Tutorial (see below in context)
- *Jump Start Your Business Brain* by Doug Hall (<http://www.eurekaranch.com/jsybb-audiobook.html>)
- *Art of the Start* by Guy Kawasaki (<https://www.youtube.com/watch?v=jSlwuafyUUo>)
- *The Monk and the Riddle* by Randy Komisar
- Danny's Bottom-Up Research Interview (<http://www.dewventures.com/resources>)

## Recommended Reading

- *Purple Cow: Transform Your Business by Being Remarkable* by Seth Godin
- Seth Godin's blog (<http://sethgodin.typepad.com/>)
- *The Four Steps to the Epiphany* by Steven Blank
- *Hypothesis-Driven Entrepreneurship: The Lean Startup* by Eric Ries
- *Biases and Heuristics in Strategic Decision-Making* by Busenitz and Barney
- *How to Build a Startup* (<http://www.udacity.com/overview/Course/ep245/CourseRev/1>)
- *AVC: Musings of a VC in NYC* ([http://www.avc.com/a\\_vc/](http://www.avc.com/a_vc/))
- *FeldThoughts* (<http://www.feld.com/wp/>)

## Warshay Innovation Network

Alumni of all of Professor Warshay's courses and workshops worldwide are eligible to join the private online Warshay Innovation Network (WIN). Members affiliate with their specific course or workshop group, and then can interact, discuss, post ideas, share resources, and collaborate on entrepreneurial opportunities with all members of the network. They can access course materials and watch videos of class guests, and they can also easily stay in touch with me and with each other, and use the alumni map to make new contacts with fellow WIN alumni all over the world. Thank you to Andrew Skinner (Brown Entrepreneurial Process Spring '06) for developing WIN and to Lawrence Chan (Brown Entrepreneurial Process Fall '09) for generously hosting WIN on [Akliz](#).

## Testimonials

“As a former student of Danny’s myself, it was an honor to share his unique teaching ability, passion, and wisdom with the Core18 Fellowship in Jerusalem - incubating the Jewish social ventures of Young Israeli and American entrepreneurs. Danny did not hesitate once and brought both personal and professional insights relevant to the group’s work in Israel and the Jewish world at large. The feedback I heard most frequently from the participants was, ‘Knowing all of Danny’s entrepreneurial and academic achievements – we were so pleasantly surprised to encounter someone so down to earth, friendly, and truly invested in us – he absolutely broke the mold!’”

Jonah Fisher, Jerusalem

[Core18](#) Entrepreneurial Process Workshop, Brown Entrepreneurial Process Course

“Entrepreneurship is the energy that inspires and motivates people with commitment for action. And this energy requires sharpening and guidance. Taking an entrepreneurship workshop with Danny will provide entrepreneurs with the essential dose of concepts and frameworks needed to develop and nurture any entrepreneurial idea. To be able to maximize learning, deep analysis of the cases and material and full engagement and participation will definitely allow participants to reflect on and share their unique experience. I recall that the Palestinian context was always floating in the background while reflecting on the case discussions led by Danny. Gradually I learned that commitment, teamwork and a good and simple business/social model would open a new path: a path of fulfilling and promising future. Enjoy your learning journey!”

Marwan Durzi, Ramallah

MPA/Harvard, MBA/Kellogg School of Management, Entrepreneurial Process Course

“Attending Danny Warshay’s The Entrepreneurial Process course was one of the best choices I made. The course’s methodology of analyzing Harvard case studies is designed to reflect all you learn about business and entrepreneurship in real-life examples, where you enrich your analysis skills, learn from others’ experiences and mistakes and come up with the most innovative and suitable solutions for you as an entrepreneur. Remember, being a Palestinian entrepreneur is challenging, just like any entrepreneur in the rest of the world. This course will show you ‘how to think’ not ‘what to do’ when you face challenges or difficulties. I remember very well how much Danny wanted to conduct this workshop in Palestine, because he believed that Palestine has inspirational and skillful entrepreneurs just like anywhere in the globe. Don’t hesitate to learn and draw on the best of Danny’s passion, energetic way of discussing the cases, and most importantly his experience as a successful entrepreneur.”

Nadeen Baboun, Bethlehem

MBA/Tel Aviv University Sofaer MBA Program, Entrepreneurial Process Course

“It’s hard to teach someone to be an entrepreneur, and Danny has mastered the process. I know - my company, Premama, is just one of many innovations launched from his classes and corporate workshops. Premama - which has raised several million dollars in venture capital and whose prenatal vitamin drink is for sale in thousands of stores, including Target and CVS - came right from the entrepreneurial process that Danny teaches in class:

- Starting with his classic bottom-up research method, we discovered an unmet need among pregnant women.
- Through Danny's contacts we developed a solution to this need.
- Through his business planning process, we developed and pitched the plan we wrote in class to receive enthusiastic and generous backing.

And embracing the growth elements of Danny's methodology, we continue to grow our company. Without Danny's teaching, I would never have become an entrepreneur. He helped me harness the creative person inside and put me on a new, fulfilling entrepreneurial path."

Dan Aziz, CEO and founder of [Premama](#), Brown Entrepreneurial Process Course

"Walking into Danny's class, I never imagined that it would be the catalyst to start my own company that same year. Every other class I took was predictable: there were goals and tests and skills to be learned. Danny's class was different in that it was strikingly similar to real life and from the moment we started writing our business plan, I was overcome with a sense of purpose, determination, and pure joy that blossomed throughout the class. I was previously unaware of the concept of venture capital or angel investing and became fascinated with the notion that I could create a product line and grow a company with the support of investors. It's not possible to learn and experience everything there is to know about starting a company or raising venture funding in one class, however, Danny taught us the fundamentals to dive into the startup world. The things I learned in his class have greatly enriched the last six years of my life and I know will continue to inspire and shape my career for many years to come."

Julie Sygiel, CEO and founder of [DearKate](#), Brown Entrepreneurial Process Course

"While I thought I had a big vision for what I wanted to do, Danny urged me to think bigger. He opened my eyes to the opportunity of using business and markets to help the communities that I cared about, and helped me imagine an entirely new level of impact and scale that my dreams could achieve. More importantly, he helped bring those dreams within reach. He connected me and my business partners to numerous industry experts who could give us expert guidance, many of whom have continued to advise us for over 6 years now since we started. Danny helped us implement processes to work with our partners, build and reward our staff, and think about partnerships and growth strategy in a more rigorous and holistic way. With this support we've grown to sell our products in over 8,000 stores, support over 3,000 farming families in Ecuador, and raise over \$18 million for our for profit and non profit organizations."

Tyler Gage Co-Founder & Co-CEO, [RUNA](#), Brown Entrepreneurial Process Course

"Taking Danny Warshay's seminar on entrepreneurship was the best decision of my life, as three years later, I operate a successful business with booming sales, a creative brand, and a solid team. Danny helped me develop my confidence as an entrepreneur. Danny is a rock of support, always there for his students with non-judgmental and supportive guidance. Danny gave me concrete tools to stay independent and focused, despite tough odds."

Sadie Kurzban, CEO and Founder, [305Fitness.com](#)

### **Danny Warshay - Professor**

Danny Warshay has devoted his career to building, managing and harvesting high-growth entrepreneurial ventures. He began his entrepreneurial pursuits while an undergraduate at Brown, as co-founder of Clearview Software, which Apple acquired in 1989. Since then, he has co-founded 15 other successful companies acquired by Medline, Time, Belo Corporation, Sealed Air, Penton Media.

Beyond his own successful ventures, Danny is internationally recognized for his approach to teaching entrepreneurship. He is a member of the entrepreneurship faculty at Brown, where the *Critical Review* recognized his Entrepreneurial Process course as the highest-rated course in the University. Danny is also a member of the entrepreneurship faculty in the Tel Aviv University MBA program, and the Yale School of Management, and he leads intensive Entrepreneurial Process workshops in corporate, governmental, and academic contexts throughout the United States, and in China, Egypt, Portugal, Bahrain, Slovenia, South Africa, Jordan, Palestine, Israel, and the UK.

In all of his entrepreneurial pursuits, Danny emphasizes breakthrough techniques of bottom-up consumer research that he learned at Procter & Gamble as a member of the Duncan Hines Brand Management team, where he managed the development and marketing of new products. One of Danny's business passions on which he has spoken in national forums and been interviewed in *Inc. Magazine* is Open-Book Management – an approach to empowering, motivating and rewarding employees through exposure to all relevant measures and financial literacy, and by providing a meaningful stake in the outcome through employee ownership.

In recognition of his active support for Brown students in and out of the classroom, Danny was awarded the first ever Nathalie Rutherford Pierrepont Prize for Leadership, Career Advising, and Motivation. Google's University Program awarded Brown's Business, Entrepreneurship and Organizations Concentration an unrestricted grant in recognition of the impact Danny's teaching has had on his students, many of whom have gone on to work at Google. To recognize Danny's leadership during his tenure as President of its Board of Trustees, Brown Hillel annually awards the Danny Warshay '87 Exceptional Leadership Award to the student who has most clearly demonstrated the leadership qualities of mentoring, modeling and community building. Danny was also the recipient of the Merrill L. Hassenfeld Leadership in Community Service Award, and most recently, the Brown Football team recognized Danny with the Dave Zucconi '55 Brown Pride Award for loyalty, support, service and faith in Brown football.

Danny received an A.B. in History, *magna cum laude*, from Brown University (Junior Year at Hebrew University in Jerusalem), and an M.B.A. from Harvard Business School.

In addition to spending time with his wonderful wife (Dr. Debra Herman '87) and three terrific children, Danny loves the mental and physical challenges and rewards of vinyasa yoga. He is also an avid (and tortured) Cleveland sports fan. More details available at [dannywarshay.com](http://dannywarshay.com)

**Jonah Fisher – Teaching Assistant**

Jonah Fisher is currently serving as the Director of Training and Leadership and an analyst on the socioeconomic team at Reut Institute in Tel Aviv. Originally from New York City, Jonah is an alumnus of ROI, the Dorot Fellowships in Israel, the Tikvah/Ein Prat Institute of Zionist Thought, the Bronfman Youth Fellowships, and the C.V. Starr Social Entrepreneurship Fellowship. Before coming to Reut, Jonah served as the founding Director of Development for a local microfinance organization, the Capital Good Fund. He additionally founded the Interfaith Exchange, an interfaith service-learning program for Christian, Jewish, and Muslim teenagers across Rhode Island. Most recently, Jonah was the founding Program Manager of Core18, a new, international Jewish social entrepreneurship fellowship. Jonah is a graduate of Mechinat Beit Yisrael, an Israeli leadership academy, and Brown University where he studied religion, education, and social entrepreneurship.

**Daniel Nissimyan – Teaching Assistant Emeritus [dan@valiant.co.il](mailto:dan@valiant.co.il)**

I created my first \$500k publicly-funded business when I was twelve and a half by building a non profit organization that taught martial arts and leadership to hundreds of children and adults with disabilities at 29 program sites in two public school districts and 10 community centers.

Since then, I've focused on playing an aggressive role in shaping the future of social entrepreneurship in Israel as founder and manager of multiple successful domestic and international start up ventures integrating non profit and for profit business models. This includes launching an international for-profit entity that has eliminated barriers to efficient and profitable operations generating annual growth exceeding 100%.

The most recent chapter of my life has centered on Tel Aviv University. Having completed an undergraduate business degree, a Master's Degree in Public Policy took my public ethos to the next stage. Building, staffing, and managing the internationalization of the University's Faculty of Engineering tested my business acumen in a not-for-profit setting. Assisting Danny Warshay in delivering his MBA course, The Entrepreneurial Process, has strengthened my teaching skills. I have enjoyed using these teaching skills as a Facilitator with Harvard Law School's Program on Negotiation teaching principles of negotiation to Jewish and Arab students across Israel. I am in process of developing this program, as well, into a platform for growth.

My passion for entrepreneurship has inspired me to build Valiant Investments - the ultimate blend of my for profit - non profit model as it selects, coaches and funds promising and scalable projects that tackle complex global challenges promising positive social outcomes, such as equitable access to services and ethical and sustainable supply chains.

I am married to beautiful Talia and I spend my spare time restoring vintage cars and seeking cheap thrills.