

Course Outline

Course Code	: BSN3703
Course Title	: Entrepreneurial Strategy
Semester	: Semester 1, Academic Year AY2025-2026
Faculty	: A/Prof Julian Pan
Department	: Strategy & Policy
Email	: panjfj@nus.edu.sg
URL	: https://discovery.nus.edu.sg/22593-julian-pan
Telephone	: 6516 3099

Overview

BSN3703 gives an insight into the processes and varieties of entrepreneurship, strategy, fund-raising and management. The course draws heavily from theory and research but is at its core, practice oriented. Most of the class time will be devoted to case discussions of entrepreneurial scenarios that depict the careers and work of different entrepreneurs. This facilitates student reflection on any intrinsic entrepreneurial ambition. These cases illustrate the risks and uncertainties, as well as the procedure and thought processes behind complex decisions necessary to navigate the start-up landscape. The remainder of the class involves interaction with the start-up field through guest interactions, speakers and myself.

It is worth reiterating that this course is an introduction. The entrepreneurial process is both complex and particular; every entrepreneur will face a set of challenges unique to their situation and circumstances. Also note that entrepreneurship spans multiple phenomena across a plethora of industries: from self-employed contractors to the unicorn founders of the world. In this course, we will primarily be focused on the creation of high-potential/high-growth ventures. These ventures are characteristically growth oriented, seek to scale, capital intensive and as such, typically involve venture capital investments.

Course instruction and readings are primarily anchored through a set of case-studies. These case-studies are supplemented by optional but recommended readings that detail best practices and industry norms. Guest speakers and myself (subject to schedule alignments and availability) will provide further insight and immediate contact with the local ecology.

Course Objectives

The course has the following objectives:

- (1) The course encourages students to introspectively contemplate their career plans, and consider how entrepreneurship might be involved in any career.
- (2) The course presents students with frameworks and seeks to demystify the entrepreneurial process. In particular, students will be acquainted with skills and know-how needed to evaluate opportunities, manage risk, reduce resource requirements, understand staged-investing, know the basics of perspective taking and negotiations, and so on. The course will also break-down lay perceptions of entrepreneurship, and take a critical look at popular concepts such as lean-experimentation, fast failure and hypothesis-based entrepreneurship.
- (3) The course aims to develop strategy and practical entrepreneurial skills that are relevant in your business (and sometimes personal) life, regardless or not whether you have entrepreneurial aspirations or desire to be involved in the start-up world.

- (4) The course introduces the Venture Capital ecology, including the processes of VC fund-raising, terminology and norms. We will go through valuation methods and the VC “model” of entrepreneurial finance, and get acquainted with the entrepreneur-VC interface of the VC industry.
- (5) We will, through the course project, discuss ideation, business models and the pitch. The course will introduce basic pitching concepts and skills, culminating in a final pitch assignment.
- (6) Finally, we will engage with the local entrepreneurial and Venture Capital ecology through guest speakers (if possible).

Topics in BSN3703 largely constitute five themes: (1) Business Model Analysis and Lean Business Strategies (2) deal sourcing and evaluation, (3) management of investments, (4) strategy, fund raising and stake holders and (5) VC varieties. Detailed listing of the topics and cases are found in the “Schedule of Classes” segment of the syllabus. Do note that these are subject to change depending on class pace as well as guest speaker availability.

Also note that while the process of venture capital and funding evaluation heavily involves the analysis of business models, environments and opportunities, the class will not explicitly offer in-depth coverage on these portions. These will be referred to via supplementary material, class asides, and more importantly implicitly self-examined through the company assessment project.

General Guide & Reading (e.g. Case preparation guide, project report guide, main textbook & supplementary materials, etc)

OPTIONAL READINGS

Textbook (recommended, not required): *Venture Capital and Private Equity, A Case Book*, by Lerner, Hardyman and Leamon.

(Note: both 4th and 5th editions are put on reserve at the Hon Sui Sen Memorial Library).

Cases constitute the core of the class materials. The essential cases will be uploaded onto Canvas; this will include scans of the chapters from the casebooks that are considered essential. As such, the majority of lessons learned will be through **class participation and discussion not only with your instructor (me) but also your peers**. Cases will be made available through Canvas. The above textbook will be particularly useful, but not required. Students who are keen to learn more can check out the (optional, but not required) materials listed in the “optional readings” sections. Also recommended is the Andreesen Horowitz (a16z) podcast, as well as the *many* OpEds and VC blogs on Medium.

Assessment

Assessment Component	Weight
Class Participation	30%
Individual Assessment	20%
Final Project: Start-up Ideation and Pitch	
• Mid-term Presentation	15%
• Final Pitch	20%
• Investment Prospectus	15%
Total	100%

Class Participation (Individual) (30%)

I want to reiterate that this is a case-based course. To be prepared for class, you must read and think about assignments in advance of class. Evaluation of your participation will be based on your attendance, and your ability to contribute comments that are insightful, relevant and progressive (i.e., comments that move the discussion forward, rather than restate what has already been said). I will be looking for quality in your participation and you will not need significant “airtime” to earn a high participation grade (if you put forth a single, thoughtful, and key insight and that is all you contribute to a session, you will receive the maximum class participation grade for that session). I strongly encourage lively and respectful discussions in class and among your peers.

To aid you in preparing for class discussion, this syllabus details questions for each case that will foreshadow the direction of the in-class discussions. Just answering those questions alone would be a good start, but I encourage you to think critically about the cases and formulate your own questions and thoughts to share with the class.

Please come to every class prepared to discuss the case at hand. Expect to be cold called.

As a significant proportion of the grade is tied to class participation; it is important that you attend all class sessions. Missing class will affect your grade and more importantly everyone’s class experience. Attendance will be recorded every week after the first class. Absences will only be excused for valid reasons such as being certified medically unfit by a doctor, having experienced a death in the immediate family, or being involved in a serious accident (note that this does not include interviews, sports trainings, cultural events, etc.). If you are absent for a valid reason, please email the instructor in advance of the course meeting and provide documentary evidence in the subsequent class. If you expect to be away for a significant fraction of the quarter, you would be well advised to drop this course.

Failure to attend class will result in a negative class participation score for that class.

Your lowest non-negative participation score will be dropped.

Participation will be graded according to the following rubric at the discretion of the TA/Instructor.

4 points for Excellent, succinct, well thought, demonstrated critical thinking and excellent preparation of the case. Advanced the class forward in discussions and was insightful.

3 points for Good interaction with the instructor/class with adequate thought and advancement of class topics and discussions

2 points for Shallow/minimal/little interaction with the instructor/class, demonstrated basic understanding of the topics and discussions.

1 point for being present.

-1 point for unexcused absences, -1 to -2 points deduction for violation of no-screens policy

Final Individual Assessment (Individual) (20%)

This is an individual assessment. More will be detailed in class, no discussion/group work is involved.

Course Project: Start-up Assessment (Group) (Total: 50%)

In your venture group, you will be asked to identify an entrepreneurial opportunity and initiate a start-up that exploits it. You will then pitch the idea to the class in the form of a 10-minute pitch at the end of the class. Finally, you will submit a start-up prospectus. This simulates a document that is submitted to an investing party in effort to gain interest and seek funds.

As such, the development of your start-up should involve at the minimum: (1) A characterization of the opportunity. (2) A detailed business plan. (3) Company revenue and cost projections, including unit economics and growth metrics. (4) Milestones for staged financing. (5) An attempt at valuation and initial stage financing goals. (6) Founder agreement and cap tables (in annex)

The final start-up prospectus which may be up to (maximum) 15 pages in length (1-inch margins, double spaced and 12 point font) not including figures, financials, and other exhibits. The page limit is a hard maximum: if anything, succinctness, and brevity is rewarded (without compromise of substance). If it helps, you can imagine crafting a document using the themes and topics from the case studies in class that will aide and persuade a Venture Capital firm to offer you financing.

Finally, there will be an equity split/founder's agreement exercise. Details will be provided in class.

It will help greatly if you pick an opportunity that plays to your group's experiences and strengths.

There will be several "check points," including an interim pitch/presentation (5-minute pitch) to make sure you are on the right path. The final prospectus is due by the end of reading week. More details about these deliverables will be provided as the course progresses.

ADMINISTRATION

Ground Rules

- Be punctual. This means arriving to class early. If you are not early, you are late. I have a policy of immediately cold-calling late comers at the point of class entrance.
- Please display your name card in the front of your desk. If you forget your name card, please make a temporary name card for that session.
- Please silence your cell-phone before each course session.
- Finally, and most importantly, we have a no personal device screen policy for the class. As the class is mostly case-based, we ask that you be respectful to your fellow students during case discussions.

Missed Class Sessions

As noted above, attendance will be recorded every week after the first class. Absences will only be excused for valid reasons such as being certified medically unfit by a doctor, experiencing a death in the immediate family, involved in a serious accident (note that this does not include sports trainings, cultural events, etc.). If you are absent for a valid reason, please email the instructor in advance of the course meeting and provide documentary evidence in the subsequent class.

Please note that if you miss a course session for which your group is presenting, you will receive no points for the in-class portion.

Assignments

Please note that LATE SUBMISSIONS WILL NOT BE GRADED and that SEVERE PENALTIES EXIST FOR PLAGARISM. All submissions will be via CANVAS and please ensure you have successfully submitted your assignments and verify the submission. Technical difficulties must resolved before the deadlines. If you have any questions

regarding these policies, please ask the instructor in advance of potential issues. The instructor is available during the course, office hours, and via email.

Instructor Email

In order to expedite a response from the instructor, please start the email subject line with “BSN3703”.

Academic Honesty & Plagiarism

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is “the practice of taking someone else’s work or ideas and passing them off as one’s own” (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubt, you should consult your instructor.

Additional guidance is available at:

- <http://www.nus.edu.sg/registrar/administrative-policies-procedures/acceptance-record#NUSCodeofStudentConduct>
- <http://nus.edu.sg/osa/resources/code-of-student-conduct>

Schedule and Outline

SAMPLE SCHEDULE

Note: Subject to change.

Week 1: Introduction: Of Opportunities and Entrepreneurs

Cases 1. “R&R,” Stevenson and Mossi, *HBS Case Series*

Optional Readings Stevenson, “Perspective on Entrepreneurship” Industry and Background Note, *HBS Case Series*.

Case Questions **R&R**

- A. What factors created an opportunity for Bob Reiss and the “TV Guide Game?”
- B. What were the risks and rewards faced by Bob Reiss and other participants in the enterprise?
- C. What actions did Bob Reiss take that led to the success of the “TV Guide Game?”
- D. Would this approach have worked for Parker Brothers or Milton Bradley?

Week 2: The Lean Startup; Business Models (1)

Due Project teams to be formed.

Cases 1. “DropBox, It Just Works”, Eisenmann, Pao and Barley, *HBS Case Series*

Optional Readings Eisenmann, “Business Model Analysis for Entrepreneurs” Industry and Background Note, *HBS Case Series*.

Eisenmann, Ries and Dillard, “Hypothesis-Driven Entrepreneurship: the Lean Startup,” Industry and Background Note, *HBS Case Series*

Case Questions **Dropbox**

- A. Dropbox is a late mover in a crowded space. What opportunity did Houston see?
- B. What are the key elements of Dropbox’s current business model?
- C. Is Dropbox profitable as of June 2010? Are you optimistic about its prospects? How does your estimate of Dropbox’s current profitability influence your evaluation of the venture’s prospects?

Week 3: Test, and then Invest’ Business Models (2)

Cases 1. “Quincy Apparel (A),” Chaplinsky, Eisenmann and Mazzanti, *HBS Case Series*.

Optional Readings Hamermesh, Marshall and Pirmohamed, “Note on Business Model Analysis for the Entrepreneur” Industry and Background Note, *HBS Case Series*.

Barlett, “What is product led growth?” <https://bit.ly/36xcokt>, accessed 27/12/2022.

Case Questions **Quincy Apparel**

- A. Evaluate the venture. What are the root causes of problems confronting Quincy Apparel in December 2012?
- B. What could the founders have done differently to avoid or mitigate these problems?
- C. What approach should the founders take at Quincy’s December board meeting?

Week 4: Who gets what: Dilemmas and Drama (1) (Negotiation Exercise 1)

Cases 1. “Unifying Divisions: Joro’s Mission to Preserve the Planet,” Gosh and Westner, *HBS Case Series*

Optional Readings Check out founders/shareholder agreement templates online.

Case Questions **Joro**

- A. Why did the founders create a founders’ agreement in 2017? Do you think it was a good idea to split the equity and roles so early in the process? How could they have managed the process better?
- B. How would you prepare for the equity discussions with your partners? What are your personal objectives for the negotiation? What is your walkaway position? How would you account for individuals’ past versus future contributions?
- C. How would you decide on roles and titles? Would you create a list of decisions that required consensus among the founders? How would you allocate the right to be on the board if future investors only allowed one founder hold a board seat?

Week 5: Mid Term Pitch and Presentations

Recess Week: NO CLASS!! ENJOY!!

Week 7: OPM (1): An Introduction to Venture Capital

- Cases
1. "Andreessen and Horowitz," Eisenmann and Kind, *HBS Case Series*
 2. "How Venture Capitalists Evaluate Potential Venture Opportunities," Roberts and Barley, *Harvard Business School Case Series*.

Optional Readings Gompers, "A Note on the Venture Capital Industry" Industry and Background Note, *HBS Case Series*.
Bussgang, "Raising Startup Capital." Industry and Background Note, *HBS Case Series*.

Case Questions Andreessen and Horowitz

- A. Was venture capital an attractive industry to enter in 2009? What entrepreneurial opportunity did Andreessen and Horowitz see?
- B. "To succeed as a VC, you have to do three things really well: source, pick, and win" (case, p. 8). What does a traditional VC firm do to source, pick and win? How is a16z different?

Case Questions How Venture Capitalists Evaluate Potential Venture Opportunities

- A. Before even reading the case, develop your own set of criteria for evaluating a potential new venture. Based upon the case, as well as your own model developed above, develop a fully-fleshed out model of the criteria which should be used.
- B. On what criteria do the VCs seem to be in agreement with each other, and which do they differ? In what ways does their model differ from your own? Do you agree with the VCs in general? In particular?
- C. Based upon the case, as well as your own model developed above, develop a fully-fleshed out model of the criteria which should be used.

Week 8: OPM(2) Valuation and Stages

- Cases
1. "OutReach Networks: First Venture Round," Chaplinsky, *Darden Cases*.
 2. "WebTracker," Sahlman and Roberts, *HBS Case Series*

Optional Readings Sahlman, W., "The Basic Venture Capital Formula," Industry and Background Note, *HBS Case Series*.
Sahlman, W., "A Method For Valuing High-Risk, Long-Term Investments: the 'Venture Capital Method'," Industry and Background Note, *HBS Case Series*.
Hellman, T., "A Note on Valuation of Venture Capital Deals," *Stanford GSB Cases*.
Nanda, "Multi-stage Financing of High-Potential Ventures," Industry and Background Note, *HBS Case Series*.
Chaplinsky, S. "Early-Stage Term Sheets," Industry and Background Note, *HBS Case Series*.
Glossary of Venture Capital jargon, Thomson one Venture Expert:
https://libguides.vu.nl/ld.php?content_id=31932446

Case Questions OutReach Networks

- A. What are the challenges of valuing an early-stage company? In what ways is ORN a typical early-stage start-up? In what ways is it atypical?

- B. What is the value of the firm under the venture capital method? What is the value of the firm under the discounted cash flow method?
- C. Is Everest Partners justified in asking for a 30% equity stake? What should Pete Perez do?

Case Questions **WebTracker**

- A. What are the primary differences between the two term sheets? Which one do you prefer, and why? How do the reputations and characteristics of the two individual VCs and their firms factor into your choices?
- B. Which terms would you negotiate with each VC and what would be your negotiation strategy?
- C. How *your own view* of WebTracker's growth and exit strategy influence your decision whether you believe the scenario laid out by the founders? Would the likely exit be in the form of an M&A? Or IPO?

Week 9: OPM (3): Terms are Money, Money are Terms (Negotiation exercise 2)

Cases 1. "MuMate," Rangan, *HBS Case Series*.

Optional Readings Wasserman, N. "Venture Capital Negotiations: VC versus Entrepreneur," Industry and Background Note, *HBS Case Series*.

Feld and Mendelson, *Venture Deals: Be Smarter than Your Lawyer and Venture Capitalist*, Wiley, 2012, p.31-59.

Case Questions **MuMate**

- A. This is a valuation and terms negotiation exercise. Details will be announced in the prior week to class (i.e. no write-ups for this).

Week 10: Asia (Pivots, Strategy, etc.)

Cases 1. "Grab: Building a Leading O2O Technology Company in Southeast Asia"

Optional Readings Luenendonk, "When and How to Pivot a Business Model," *Cleverism Blog*, September 17, 2014, <https://www.cleverism.com/when-how-pivot-business-model/>, accessed Dec 2020.

Case Questions **Grab**

- A. How has Grab achieved growth spurts through strategic pivoting? What factors are essential for successful pivoting?
- B. Can Grab pivot successfully as it grows in size?
- A. How beneficial and lasting is a first-mover advantage? Is Grab well-placed for its market leadership to endure? Discuss with reference to Grab's win over Taxi Monger, Easy Taxi and Uber.
- B. What competitive measures did Grab pursue against Uber to defend its position? How can it bolster its competitive edge against potential competition?
- C. How does Grab use innovation as an enabler of long-term growth?
- D. Evaluate the relevance of Grab's approach to measure performance by combining culture and performance. How does Grab's culture contribute to its business growth through innovation?

Week 11: OPM (4) (also: Dilemmas and Drama (2)): Getting that First \$\$\$;

Cases 1. "Lovepop," White, Nanda and Hull, *HBS Case Series*.

Optional Readings Nanda, A. "Ethics in Venture Capital," Industry and Background Note, *HBS Case Series*.

Orlando and Edzepagic, "Should I Apply to an Incubator?: Founder Perspectives," Supporting Case, USC Marshall Lloyd Grief Center for Entrepreneurship Studies.

Feld and Mendelson, *Venture Deals: Be Smarter than Your Lawyer and Venture Capitalist*, Wiley, 2012, p.31-59.

Julia Prats, Marc Sosna, and S. Ramakrishna Velamuri, "Managing in Different Growth Contexts," *California Management Review* 54, no.4(2012): 118–142.

Case Questions **Lovepop**

E. Why have entities like Techstars and Y Combinator emerged in the funding ecosystem? What role do they play compared to traditional VC firms in the 90s and today? Which makes more sense for you?

F. Create capitalization tables for two different scenarios:

(a) Rose and Wise choose the Techstars offer and the optional convertible note described in case **Exhibit 6a**.

(b) Rose and Wise choose the Founder.org offer described in case **Exhibit 6b**.

In both cases, assume that:

(i) Founders own 10million shares of common stock;

(ii) No current stock option pool

(iii) three unpriced convertible securities outlined in case **Exhibit 5** have a 20% discount and a valuation cap of

\$3million

(iv) Lovepop raises \$2million in a Series A round at \$10million post-money valuation after accepting either offer

(v) Series A financing terms include a 10% options pool (fully diluted)

Note: there's a lot of jargon here but don't be intimidated. The math is very rudimentary.

C. What should Rose and Wise do?

Week 12: Exit

Cases 1. "Facebook, Inc.: The Initial Public Offering," Compeau, Dunbar, King and Mark, *Ivey Case Series*.

Optional Readings Lerner, "A Note on the Initial Public Offering Process," *Venture Capital and Private Equity: A Casebook, 5th Edition*, Chapter 22.

Lerner, Hardymon and Leamon, "Between a Rock and a Hard Place: Valuation and Distribution in Private Equity," *Venture Capital and Private Equity: A Casebook, 5th Edition*, Chapter 23.

Fruhan, "Company Sale Process," Industry and Background Note, *HBS Case Series*.

Case Questions **Facebook Inc.**

A. What is Facebook's business model? And comparative advantages?

B. Why is Facebook going public? What is the planned use of proceeds from the offering?

C. What is the intrinsic value of a Facebook share? How does this valuation compare to the price talk from the underwriters?

D. What is your recommendation for the CXTechnology Fund?

Week 13: Final Presentations Pitches

Week 14: Final Report due
