MBAX 6180 Business Plan Execution Syllabus Spring 2008

Course Objectives:

This is an experimental course that is offered to MBA students who wish to start their own business. The prerequisite for this course is MBAX 6830/EMEN 5825 Business Plan Preparation.

In the Business Plan Preparation course teams are formed to write the plans. It is expected, although not required, that these teams will remain together to take the Business Plan Execution course. Students, who have written a business plan without taking the prerequisite, may take the course with permission of the instructor.

The objectives of the course are for students to:

- 1. Implement the business plan
- 2. Refine the business plan for presentation at a national competition

Course Content:

There is a core of six subjects that will be covered:

Raising Money

How to ask for funds from investors?
How to make presentations to investors?
How to structure, price and negotiate a deal?
What needs to be done during the due diligence process?
What is the exit strategy?

Management Team

How to recruit the right people?

How to set up the compensation and stock option programs to attract and retain employees?

Who is going to do what, when the venture starts?

Resources Required

What does bootstrapping really mean?

How to get initial sales?

What people and assets are needed to get started?

How to develop prototypes?

What financial and operating controls are required?

Fatal Flaw

What is the fatal flaw(s) faced by the new venture and how should it be addressed?

Legal and Tax Issues

What intellectual property issues does the venture face and how to address them?

What should be the employment agreements? How do you decide among the various legal forms that exist?

Competitive Advantage

Most business plans do a poor job in defining their competitive advantage. Students will rigorously evaluate their business strategy to insure that they can sustain their competitiveness.

In addition to these subjects there will be specific issues that need to be addressed for each business. This will be done through assigning and discussing appropriate readings and bringing in industry experts.

Business Plan Revisions and Investor Presentations

The key to this course is the process students will go through during the semester to improve their plans. This approach is designed to expose students to the rigorous questioning that entrepreneurs experience when they are launching their new venture. Each stage represents an increasing level of intensity.

1. Initial Appraisal

An initial appraisal of the plan will be made to identify the major strategic issues faced by the venture, utilizing the evaluations from the judges in the Business Plan Competition and the course instructor of Business Plan Preparation. Entrepreneurs will be required to revise their plan based upon this appraisal. A small Board of Advisors will be formed, comprised of business persons from the industry or local community and a faculty member, to guide the venture.

2. Presentation to Advisors

Entrepreneurs will then submit their revised written plan to the Board of Advisors and make a formal 1 to 2 hour presentation. This presentation will simulate the environment that entrepreneurs face when trying to raise money. You will present the plan, while sitting around a conference table, to the Board of Advisors, using PowerPoint slides or overheads. This will allow in-depth questioning of the entrepreneurs to test the soundness of the business plan and their ability to "think on their feet". Based on this first meeting, you will take the necessary steps to revise your business plan.

3. Presentation to Industry Experts

The revised plan will be will then be submitted to a group of 3 to 4 business persons who are in the same or similar industry as the entrepreneur's new

venture. As in the previous step, you will present the plan to these industry experts to demonstrate your understanding of the market and the competitive environment. You will be exposed to in-depth questioning regarding the business strategy and its implementation. The plan will again be revised as needed.

4. Presentation to Investors

In the final iteration the revised plan will be submitted for review by a group of 3-4 investors made up of investors and/or bankers. This should be the most intense and difficult of all the stages. The approach will be the same as the previous two stages. Entrepreneurs will present their plan to investors and be required to answer questions that would be asked when trying to raise money. The plan will again be revised as needed.

At the conclusion of this course, you will have revised and presented the plan three times. Entrepreneurs should then have the confidence that they:

- Have written a compelling and rigorous business plan that is fundable
- Can make convincing presentations
- Are able to answer probing questions about their business in an adversarial environment

Why need \$1,000(at least) per team member:

To significantly advance your venture over the next five months will undoubtedly require you to engage in activities that will require a small investment, e.g.

- Legal activities
 - Incorporation
 - Intellectual property
 - o Agreements
 - Employment
 - Compensation plan
- Market research, industry reports, exhibitions
- Customer research
- Getting orders
- Prototyping
- Travel
- Marketing materials

Grading

At the beginning of the course each team will establish with the instructor a clear definition of 3 to 5 major goals that must be achieved during the semester to implement the plan. Each student will be evaluated on how well you do in achieving the benchmarks and participation and contribution to the class.

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