

University of California at Santa Barbara

Bren School of Environmental Science and Management

New Venture Formation ESM 402A, Spring 2018

Class: MW 9:30-10:45 am (Bren Hall 1520)

Instructor: Emily Cotter
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Course Description

New Venture Formation is part of the core curriculum in eco-entrepreneurship for students interested in launching a new product or service that offers an environmental and/or social benefit. This class is not about how to write a business plan. It is about how to turn a great eco-opportunity into a viable business model, in preparation for launching a new environmental venture.

Working on a team, students will learn how to use a business model to brainstorm each part of the new environmental venture and how to use customer development to get out of the classroom to see whether anyone would want/use your product or service. Each week will be new adventure outside the classroom, as students test each part of their team's business model and then share the hard earned knowledge with the rest of the class.

This course is structured as a "lab," using a flipped classroom approach. Instructional content will be reviewed outside the classroom, while application of that content will occur in the classroom. Therefore, students are responsible for watching lectures online and reviewing supplemental materials as homework. Class sessions will be used for teams to work on their business model hypotheses, including:

- Developing their initial hypotheses;
- Discussing plans to test their assumptions;
- Sharing lessons learned (key insights from research results);
- Validating/invalidating hypotheses;
- Creating pivots; and,
- Planning their next steps.

Required Software

Conceptboard – Business Model Canvas: Collaborative Online Template
<https://conceptboard.com/blog/business-model-canvas/>

Each team should create a "Free" account (not the free 30-day Team trial). The Free account includes: unlimited number of boards, 50 objects per board, 500 MB Storage, unlimited board editors and access for read-only guests. Teams may want to assign management of the Conceptboard to the Project Manager or Data Manager.

Required Videos

Udacity

How to Build a Startup – The Lean LaunchPad, Steve Blank

<https://www.udacity.com/course/how-to-build-a-startup--ep245>

Students must register online to view the lectures.

Suggested Reading

The Startup Owner's Manual, Steve Blank and Bob Dorf.

Available via purchase on Amazon.

Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, Alexander Osterwalder and Yves Pigneur.

<http://businessmodelgeneration.com/book/order>

Harvard Cases

Cases are listed in the schedule below. See course entitled "New Venture Formation (ESM 402A, Spring 2018)" on Harvard Business Publishing site at:

<http://cb.hbsp.harvard.edu/cbmp/access/78611194>

All the cases are listed under the Harvard course entitled "New Venture Formation (ESM 402A, Spring 2018)." Each Harvard Case costs \$4.25-\$7.95. The total approximate cost for the coursepack is \$24.40 (paid directly to Harvard Business Publishing).

All other required reading will be made available via download on GauchoSpace.

Attendance and Participation

Students are expected to attend every class. The participation portion of the grade is 300 points. Participation is evaluated in a number of ways. Obviously, participation is correlated with attendance. It is impossible to earn participation points if a student is not in class. Students remain responsible for submitting work due even if absent. Students should e-mail the instructor prior to any missed class. Students remain responsible for the material covered and assignments given during an absence and are to discern this information from their peers.

Attendance at all class sessions is critical to the learning process and the participation component of the course. Entrepreneurship is a collaborative and interactive process. Entrepreneurs find opportunities, adapt, and improve themselves by listening and learning from others. Please come to class prepared to participate in the day's activities.

Confidentiality Policy

Throughout the Eco-Entrepreneurship program, students will be exposed to proprietary information from other students, guest lecturers and faculty. All such information is to be treated as confidential. By enrolling in and taking part in the Eco-Entrepreneurship program's classes and activities, students agree not to disclose this information to any third parties without specific written permission from students, guest lecturers or faculty, as applicable. Students further agree not to utilize any such proprietary information for their own personal commercial advantage or for the commercial advantage of any third party.

In addition, students agree that any legal or consulting advice provided without direct fee and in an academic setting will not be relied upon without the enlisted opinion of an outside attorney or consultant, in each case without affiliation to the Eco-Entrepreneurship program.

Receipt of this policy and registration in this class is evidence that you understand this policy and will abide by it.

Assignments and Grading

All assignments must be turned in on time. Assignments will be submitted in soft copy format on GauchoSpace, unless otherwise instructed.

All assignments submitted on GauchoSpace should use the following file format:

Team Assignment

(Assignment Name)_(Team Name)

Example: *Sprint #1 Presentation_Green Gauchos*

Individual Assignment

(Assignment Name)_(Last Name)

Example: *Peer Evaluation_Cotter*

The deadline is at the beginning of class (i.e., 9:30 am) on the due date listed for each assignment. If class is not held on the date an assignment is due, the deadline is still at 9:30 am (unless otherwise noted). Assignments submitted after the deadline but within 24 hours will lose 5% of the total points; after that, an additional 5% for each day that the assignment is late.

	Individual Contribution	Team Contribution
Individual Participation <ul style="list-style-type: none">• Attendance• Lab Discussions• Sprint Presentations• Feedback to Other Teams	500 points (25%)	
Team Partnership Agreement		100 points (5%)
Sprint Updates <ul style="list-style-type: none">• How much the team learns each week• Documented via progress reports• Submitting updated business model canvas		300 points (15%)
Sprint Presentations <ul style="list-style-type: none">• Sprint #1• Sprint #2• Sprint #3		600 points (30%)
"Lessons Learned" Presentation (Sprint #4)		300 points (15%)
Individual Contribution to Team Project, Based on Peer Evaluation	200 points (10%)	
	700 points (35%)	1,300 points (65%)

TOTAL 2,000 points (100%)

Description of Course Deliverables

Team Partnership Agreement

Each team will prepare a 1-2-page partnership agreement detailing the following: (1) Names of partners; (2) Purpose of the partnership; (3) Inception date of partnership and termination date; (4) Team structure and management, including a definition of each area of responsibility (e.g., web manager, data manager, financial manager, project manager, etc.) – Note: an organizational chart is useful; (5) Dissolution of the partnership; (6) Arbitration in the event of disagreement.

A signed hard copy is due in class on 4/23/18.

The Team Partnership Agreement will account for 5% of your grade (max. 100 points). These points will be the same for each team member.

Eco-E Project

Working on a team, students will demonstrate their ability to perform Customer Discovery Research and develop a viable business model. Eco-E Project Teams will be comprised of two to five people.

During the quarter, teams will conduct Customer Discovery Research in an effort to develop a viable business model and will present results-to-date in four (4) “sprints,” as follows:

	<u>Sprint Period</u>	<u>Sprint Length</u>	<u>Presentation Date</u>
Sprint #1	4/4/18 to 4/17/18	14 days	4/18/18
Sprint #2	4/18/18 to 5/1/18	14 days	5/2/18
Sprint #3	5/2/18 to 5/15/18	14 days	5/16/18
Sprint #4	5/16/18 to 5/29/18	14 days	5/30/18

The goal of each sprint is to “get out of the building” and talk to 10+ customers and/or industry experts face-to-face, in order to validate your business model hypotheses.

Sprint Updates

Each team will manage its business model development process online using Conceptboard and will document progress and lessons learned by submitting progress reports on GauchoSpace. For each sprint, the latest Business Model Canvas should be downloaded from Conceptboard and submitted as a PDF on GauchoSpace.

Each sprint, teams should perform the following:

- Update the canvas
 - Create new hypotheses, under individual canvas building blocks.
 - Create a new canvas, if appropriate.
 - Submit latest canvas on GauchoSpace.
- Submit a sprint update
 - Write a brief report summarizing what the team did during the last sprint and discuss next steps.
 - Submit sprint update on GauchoSpace.

Sprint Updates will account for 15% of your grade (max. 300 points). These points will be the same for each team member.

Sprint Presentations

On each presentation day, teams will present progress made during the last sprint. Each team will present a sprint update, followed by feedback from the instructor and peers.

Each sprint presentation should cover:

- Which Business Model Canvas building block(s) did you test? What did you learn during the last sprint?
- Current Business Model Canvas: Here’s the building block we tested
 - Assumptions: Here’s what we thought
 - Experiments: So, here’s what we did
 - Results: So, here’s what we found
 - Learnings: So, here’s what we learned
 - Next Steps: So, here’s what we are going to do next

Guidelines for sprint presentations:

Slide 1	Cover slide <ul style="list-style-type: none"> - Team name - Team members/roles - Number of customers/industry experts interviewed (current sprint, cumulative to date) - Team “positioning statement” or tagline
Slide 2	Current business model canvas with any changes clearly marked and building blocks to be discussed highlighted
Slide 3-n	What did you learn about the building block(s) you tested? <ul style="list-style-type: none"> - Assumptions: Here’s what we thought - Experiments: So, here’s what we did

	- Results: So, here's what we found
Slide 4	Illustrate what you learned (e.g., diagram of customer archetype, customer workflow, ecosystem map, payment flows, distribution channel diagram, production/service process, etc.)
Slide 5	Next Steps: So, here's what we are going to do next

Each team presentation will be followed by class discussion, providing each team with instructor and peer feedback.

Sprint Presentations will account for 30% of your grade (max. 600 points). These points will be the same for each team member.

“Lessons Learned” Presentation

The purpose of this assignment is to present the evolution of your team’s business model, to date. Each team will give a “Lessons Learned” presentation about their environmental venture, followed by Q&A with an external judging panel.

For this final presentation, you will use the following format for PowerPoint slides:

Cover Slide – Be sure to highlight customer discovery results! (n=?)

Slide 1 – Team Name, with a few lines of what your initial idea was. Team members – name, background, expertise and roles.

Slide 2 – Why this is an eco-opportunity and the size of the opportunity. Any macro/industry trends that support the market opportunity.

Slide 3 – Business Model Canvas **Version 1**. Here was our original idea.

Slide 4 – So here’s what we did (explain how you got out of the building).

Slide 5 – So here’s what we found (what was reality). So then, ...

Slide 6 – Business Model Canvas **Version 2**. We iterated or pivoted... explain why and what you found.

Slide 7 – So here’s what we did (explain how you got out of the building).

Slide 8 – So here’s what we found (what was reality). So then, ...

Slide 9 – Business Model Canvas **Version 3**. We iterated or pivoted... explain why and what you found.

Etc. ... Every presentation *requires* at least three Business Model Canvas slides.

Slide n – “So here’s where we ended up.” Provide a “one-sentence pitch” or clear, concise description of your proposed venture. Talk about:

1. what did you learn
2. whether you think this a viable business,
3. next steps, etc. (remaining hypotheses to be tested)

Other slides should include:

Customer Archetype

Diagram on channel or customer process, if there are multiple players

Lessons Learned summary

Final Slides – Click through *each one of your business model canvas slides*.

A soft copy must be uploaded onto GauchoSpace by 8:00 AM on 6/4/18.

The "Lessons Learned" Presentation will account for 15% of your grade (max. 300 points). These points will be the same for each team member.

In addition, 10% of your grade (max. 200 points) will depend on your individual contribution to the team, as evaluated by your teammates. An evaluation form will be completed during the last week of class to provide these peer evaluations.

ESM 402A, Spring 2018 – New Venture Formation – Course Schedule

Session	Class Date	Class Topic	Deliverables	Assigned Reading/Videos
	Mon 4/2/18	MESM 2019 Eco-E Project Kick-Off		MESM 2019 Eco-E Project Guidelines
1	Wed 4/4/18	Course Overview Business Models and Customer Development		Udacity Lesson 1: What We Now Know Udacity Lesson 1.5 A and B: Business Models and Customer Development What is a business model? Getting to a Single Perspective Startup Owner's Manual – pp. 1-50, 69-75 Business Model Generation – pp. 52-119, 138-139
2	Mon 4/9/18	Customer Segments Lab	Create Conceptboard Account Come prepared to discuss your initial Customer Segments hypotheses	Udacity Lesson 3: Customer Segments How to Structure Good Hypotheses for Your Lean Startup Startup Owner's Manual – pp. 85-97 Business Model Generation – pp. 20-21
3	Wed 4/11/18	Value Proposition Lab – Market Type – Competition	Come prepared to present your initial Value Proposition hypotheses	Udacity Lesson 2: Value Proposition Experimenting in the Entrepreneurial Venture (Harvard Case #8077) Startup Owner's Manual – pp. 76-84, 112-125, 203-221, 260-266 Business Model Generation – pp. 22-25
4	Mon 4/16/18	Mentor Meetings		
5	Wed 4/18/18	Sprint #1 Presentations	Sprint #1 Update Due Sprint #1 Presentation Due	
6	Mon 4/23/18	Channels and Customer Relationships Lab	Team Partnership Agreement Due Come prepared to discuss your initial Channels and Customer Relationships hypotheses	Udacity Lesson 4: Channels Udacity Lesson 5: Customer Relationships Selling and Marketing in the Entrepreneurial Venture (Harvard Case #8086) Branding in the Digital Age (Harvard Case #R1012C) Startup Owner's Manual – pp. 98-111, 126-168, 296-351 Business Model Generation – pp. 26-29
	Wed 4/25/18	NO CLASS		
7-8	Fri 4/27/18 9:30-11:30 AM	Eco-Entrepreneurship Advisory Council (EEAC) – Spring Meeting	Business Model Hypotheses Presentation Each team will give an overview of their Eco-E Opportunity and introduce their initial business model hypotheses, followed by feedback from the EEAC. All Eco-E Project teams are required to attend. Business Model Hypotheses Presentation should be submitted on GauchoSpace by 8:00 AM.	

Session	Class Date	Class Topic	Deliverables	Assigned Reading/Videos
	Fri 4/27/18 1:00-5:00 PM Fess Parker Doubletree Hotel	2018 Master's Final Group Project Presentations – MESM 2018 Eco-E Projects Master's-candidate students from the Class of 2018 will present their findings (16 Group Projects and 3 Eco-E Projects). See schedule on Bren website to find MESM 2018 Eco-E Project presentations.		
9	Mon 4/30/18	Revenue Streams Lab	Come prepared to discuss your initial Revenue Streams hypotheses	Udacity Lesson 6: Revenue Model Getting from Plan A to Plan B and Beyond--Building a Better Business Model (Harvard Case #5357BC) Startup Owner's Manual – pp. 180-187, 257-270, 429-459 Business Model Generation – pp. 30-33
10	Wed 5/2/18	Sprint #2 Presentations	Sprint #2 Update Due (Fiddle) Sprint #2 Presentation Due	
	Wed 5/2/18 5:30 PM Corwin Pavilion	UCSB New Venture Fair (UCSB New Venture Competition) At the New Venture Fair, student teams present their businesses to visitors from the business community in a trade show-style format.		
11	Mon 5/7/18	Mentor Meetings		
12	Wed 5/9/18	Key Partners Lab	Come prepared to discuss your initial Key Partners hypotheses	Udacity Lesson 7: Partners Business Network Transformation-Rethinking Relationships in a Global Economy Startup Owner's Manual – pp. 176-179 Business Model Generation – pp. 38-39
13	Mon 5/14/18	Key Resources, Key Activities and Cost Structure Lab	Come prepared to discuss your initial Key Resources, Key Activities and Cost Structure hypotheses	Udacity Lesson 8: Resources, Activities and Costs Getting from Plan A to Plan B and Beyond--Building a Better Business Model (Harvard Case #5357BC) No Accounting for Startups Startup Owner's Manual – pp.169-175 Business Model Generation – pp. 34-37, 40-41
14	Wed 5/16/18	Sprint #3 Presentations	Sprint #3 Update Due (Fiddle) Sprint #3 Presentation Due	
15	Mon 5/21/18	“Lessons Learned” Presentation Preparation		7 Lessons from the World's Most Captivating Presenters Presenting As A Team
16	Wed 5/23/18	Mentor Meetings		
17	Thu 5/24/18 3:00 PM Corwin Pavilion	UCSB New Venture Competition Finals Finalist teams present their investor pitches at the New Venture Finals. All teams in the finals receive cash prizes.		
	Mon 5/28/18	Memorial Day Holiday – NO CLASS		

Session	Class Date	Class Topic	Deliverables	Assigned Reading/Videos
18	Wed 5/30/18 9:30 AM- 12:00 PM DCR	"Lessons Learned" Presentation Practice with Eco-E Advisors		
19-20	Mon 6/4/18 9:30 AM- 12:00 PM DCR	External Judging Panel: "Lessons Learned" Presentations All ESM 402A teams will present their "Lessons Learned" to an external judging panel. Submit soft copy of presentation via GauchoSpace by 8:00 AM.		
	Wed 6/6/18 9:30-10:30 AM DCR	Eco-E Program Faculty Committee: "Lessons Learned" Presentations MESM 2019 Eco-E Project teams will present their "Lessons Learned" to the Eco-E Program Faculty Committee. Submit soft copy of presentation via GauchoSpace by 8:00 AM. All MESM 2019 Eco-E Project teams are required to attend their own sessions.		
	Fri 6/8/18	Team Evaluation Form Due		