

University of California at Santa Barbara

Bren School of Environmental Science and Management

New Venture Formation ESM 402A, Spring 2013

Class: TTh 10:00-11:15 am (Bren Hall 1414)

Instructor: Emily (Chan) 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.

Required Reading

Business Model Generation: Preview, Alexander Osterwalder and Yves Pigneur.
Available via download on GauchoSpace.

The Startup Owner's Manual, Steve Blank and Bob Dorf.
<http://buildabetterstartup.com/>

Harvard Cases

Cases are listed in the schedule below. See course entitled "New Venture Formation (ESM 402A, Spring 2013)" on Harvard Business Publishing site at:

<https://cb.hbsp.harvard.edu/cbmp/access/18770322>

All the cases are listed under the Harvard course entitled "New Venture Formation (ESM 402A, Spring 2013)." Each Harvard Case costs \$3.95. The total approximate cost for the coursepack is \$27.65 (paid directly to Harvard Business Publishing).

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

Optional Reading

Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, Alexander Osterwalder and Yves Pigneur.
<http://www.businessmodelgeneration.com/order.html>

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., 10:00 am) on the due date listed for each assignment, unless otherwise instructed. 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• In-Class Discussions• Sprint Presentations• Feedback to Other Teams	300 points (15%)	
Initial Business Model Canvas		100 points (5%)
Team Partnership Agreement		100 points (5%)
Human Subjects Training Module	100 points (5%)	

	Individual Contribution	Team Contribution
Sprint Updates (Online Progress Updates) <ul style="list-style-type: none"> • How much the team learns each week • Documented online via Project Updates • Online activity within Canvas and Iterations (Assumptions, Experiments, Results and Learnings) 		600 points (30%)
Sprint Presentations <ul style="list-style-type: none"> • Sprint #1 • Sprint #2 • Sprint #3 		300 points (15%)
“Lessons Learned” Presentation (Sprint #4)		400 points (20%)
Individual Contribution to Team Project, Based on Peer Evaluation	100 points (5%)	
	500 points (25%)	1,500 points (75%)
	TOTAL	2,000 points (100%)

Description of Course Deliverables

Initial Business Model Canvas

The purpose of this assignment is to create a starting point for your project this quarter. After reading the Business Model Generation Preview, available via download on GauchoSpace, work with your team to document your initial hypotheses for each of the 9 building blocks on the Business Model Canvas.

Your initial business model canvas will be created online, using LeanLaunchLab Iterations, before class on 4/9/13.

Each team will have its own “Project” on LeanLaunchLab Iterations (“Iterations”). Iterations helps teams launch new ventures by managing lean startup and customer development activities. With Iterations, you can define and track your business model hypotheses, track experiments, store customer interviews, and get feedback from instructors and advisors.

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 4/16/13.

Human Subjects Training Module

Research projects involving human subjects require review and approval by the Human Subjects Committee (HSC), an independent administrative committee mandated by the Department of Health and Human Services and responsible to the Office for Human Research Protections (OHRP) at UCSB. Federal Regulations define research as “a systematic investigation, including development, testing, and evaluation, designed to develop or contribute to generalizable knowledge.”

In order to conduct research, UCSB students must apply for Human Subjects Use by creating a Human Subjects Protocol and receive approval from the HSC. Since the research conducted for Eco-E business model development purposes is considered minimal risk and research conducted for each team project is of a similar nature, the OHRP at UCSB has allowed us to operate under a blanket protocol.

In class, we will discuss the Eco-E Human Subjects Blanket Protocol and procedures for conducting Eco-E business model development research.

Each student must complete the ORahs Training Module online. It should take you approximately 10-15 minutes.

Follow these directions:

1. Go to <http://hstraining.orda.ucsb.edu>
2. Login with **ESMS-CH-EM-024**
3. Owner: **CHAN**
4. Complete module. Only use module navigation, not back or anything else in the web browser.
5. When you're done, you'll get an e-mail telling you you've completed the module.
6. Forward the e-mail confirmation to ecotter@bren.ucsb.edu.

The Human Subjects Training Module must be completed online before class on 4/18/13.

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) two-week “sprints,” as follows:

	<u>Sprint Period</u>	<u>Sprint Length</u>	<u>Presentation Date</u>
Sprint #1	4/9/13 to 4/22/13	14 days	4/23/13 or 4/25/13
Sprint #2	4/23/13 to 5/6/13	14 days	5/7/13 or 5/9/13
Sprint #3	5/7/13 to 5/20/13	14 days	5/21/13 or 5/23/13
Sprint #4	5/21/13 to 6/3/13	16 days	6/6/13*

*This will be your final presentation for ESM 402A (i.e., the “Lessons Learned” Presentation – see below). Bren 1414 will be available for presentation practice on 6/4/13.

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 (Online Progress Updates)

Each team will manage its business model development process online, documenting all progress and lessons learned, using the Iterations software.

Each sprint, using the Iterations tools, teams should perform the following:

- Update the **Canvas**
 - Create new hypotheses (Default: No Status)
 - Update **Status** of existing hypotheses (**Testing, Validated, Invalidated**)
- Update or **Complete Iteration** (Note: if you **Complete Iteration**, the next **Iteration** will be created)
 - **Assumptions**
 - **Experiments**
 - **Results** (Interviews)
 - **Learnings**
- Document the Process
 - Upload interview guides/surveys in **Experiments**
 - Document interviews in **Results**
 - Attach graphics/photos/videos in **Results**
- Submit a **Project Update**
 - Write a detailed report summarizing what the team did during the last sprint.
 - Identify which team member did which portion of the work.
 - Discuss next steps.
 - Indicate feedback you need from the instructor.

Sprint Updates will account for 30% of your grade (max. 600 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 have 10 minutes to present a sprint update, followed by 10 minutes of 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
- Milestones: State your case for reaching a milestone, if applicable*

*If the instructor and peers are convinced that you have validated your hypotheses, after you have shared your evidence and presented your case for meeting a particular milestone, you may “Assign” that milestone to your current iteration.

Guidelines for sprint presentations:

Slide 1	Cover slide - Team name - Team members/roles - Number of customers/industry experts interviewed (current sprint, cumulative to date) - Team “positioning statement”
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 you tested? - 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 about the assigned Business Model Canvas building block for your Eco-E Project (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
Slide 6	Milestones: State your case for reaching a milestone, if applicable

Each team presentation will be followed by 10 minutes of class discussion, providing each team with instructor and peer feedback.

Sprint Presentations will account for 15% of your grade (max. 300 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 15-minute “Lessons Learned” presentation about their environmental venture, followed by 10 minutes of Q&A with an external judging panel.

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

Slide 1 – Team Name, with a few lines of what your initial idea was, why this is an eco-opportunity and the size of the opportunity.

Slide 2 – Team members – name, background, expertise and roles.

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.” Talk about:

1. what did you learn
2. whether you think this a viable business,
3. next steps, etc.

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 9:00 AM on 6/6/12.

The “Lessons Learned” Presentation will account for 20% of your grade (max. 400 points). These points will be the same for each team member. In addition to this, 5% of your grade (max. 100 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.

Course Schedule

Session	Class Date	Class Topic	Deliverables	Readings
1	Tue 4/2/13	MESM 2014 Eco-E Project Kick-Off Eco-E Project Guidelines Course Overview		MESM 2014 Eco-E Project Guidelines Why Entrepreneurs Fail And Most Startups Are DOA
2	Thu 4/4/13	Business Models Customer Development LeanLaunchLab Iterations		What is a business model? Business Model Generation Preview Getting to a Single Perspective Ch. 2, 3
3	Tue 4/9/13	Initial Business Model Canvas Presentations	Initial Business Model Canvas Due	LeanLaunchLab Iterations Video Tutorial https://iterations.leanlaunchlab.com/#help
4	Thu 4/11/13	EEAC Meeting on Fri 4/12 in lieu of Session 4 – NO CLASS	Eco-E Project Teams – EEAC Meeting Deliverables: – Submit Initial Business Model Canvas (PDF) on Gauchospace by 12:00 PM	
	Fri 4/12/13 9:00 – 11:00 AM DCR	Eco-Entrepreneurship Advisory Council (EEAC) – Spring Meeting	1st Year Eco-E Opportunity Presentation Each team will give an updated 10-minute Eco-E Opportunity pitch and introduce their initial business model canvas, followed by feedback from the EEAC. All Eco-E Project teams are required to attend. – Submit updated Eco-E Opportunity Presentation on Gauchospace by 8:00 AM	
	Fri 4/12/13 12:00 – 4:05 PM Bren 1414	2013 Master's Final Group Project Presentations – MESM 2013 Eco-E Projects Master's-candidate students from the Class of 2013 will present their findings (17 Group Projects and 4 Eco-E Projects). All Eco-E Project teams will present in Bren 1414. E-Fishent Foods: 12:00-12:50 PM Smarty Pants: 1:00-1:35 PM BabyLove: 1:45-2:20 PM SunShares: 3:30-4:05 PM		
5	Tue 4/16/13	Customer Segments Market Size Human Subjects Protocol	Team Partnership Agreement Due	Customer Development Interviews How-to: What You Should Be Learning 12 Tips for Customer Development Interviews, Giff Constable 10 Tips for Amazing Customer Development Interviews, Jim Semick Ch. 4 – p. 69-75, 85-97
6	Thu 4/18/13	Value Proposition Market Type Competition	Complete Human Subjects Training Module Online	Hypothesis-Driven Entrepreneurship: The Lean Startup (Harvard Case #812095) How to Structure Good Hypotheses for Your Lean Startup Ch. 4 – p. 76-84, 112-124
7	Tue 4/23/13	Sprint #1 Presentations	Sign-up for a presentation time slot on Gauchospace. Sprint #1 Project Update and Presentation Due by 9:00 AM	
8	Thu 4/25/13			

Session	Class Date	Class Topic	Deliverables	Readings
9	Tue 4/30/13	Channels		Designing Channels of Distribution (Harvard Case #UV2969) Ch. 4 – p. 98-111
10	Thu 5/2/13	Customer Relationships (Demand Creation)		Positioning: The Essence of Marketing Strategy (Harvard Case #UV1425) Ch. 4 – p.126-168
11	Tue 5/7/13	Sprint #2 Presentations	Sign-up for a presentation time slot on GauchoSpace. Sprint #2 Project Update and Presentation Due by 9:00 AM	
12	Thu 5/9/13			
13	Tue 5/14/13	Revenue Model and Pricing		Getting from Plan A to Plan B and Beyond-- Building a Better Business Model (Harvard Case #5357BC) Note on Business Model Analysis for the Entrepreneur (Harvard Case #802048) Ch. 4 – p.180-187
14	Thu 5/16/13	Key Resources, Activities and Partners		A Note on Process Analysis (Harvard Case #UV0425) Ch. 4 – p.169-179
15	Tue 5/21/13	Sprint #3 Presentations	Sign-up for a presentation time slot on GauchoSpace. Sprint #3 Project Update and Presentation Due by 9:00 AM	
16	Thu 5/23/13			
17	Tue 5/28/13	Cost Structure and Resource Velocity		Steve Blank, “No Accounting For Startups,” http://steveblank.com/2010/02/22/no-accounting-for-startups/ Note on Business Model Analysis for the Entrepreneur (Harvard Case #802048) Zipcar: Refining the Business Model (Harvard Case #803096)
18	Thu 5/30/13	“Lessons Learned” Presentation Preparation	7 Lessons From the World's Most Captivating Presenters Steve Blank, “Stanford 2012 Lean LaunchPad Presentations – part 1 of 2” Steve Blank, “Stanford 2012 Lean LaunchPad Presentations – part 2 of 2”	
19	Tue 6/4/13 8:00 AM – 11:00 AM	“Lessons Learned” Presentation Practice – NO CLASS Sign-up for a presentation practice time slot on GauchoSpace.		
20	Thu 6/6/13 10:00 AM – 1:00 PM	“Lessons Learned” Presentations Submit soft copy of presentation via GauchoSpace by 9:00 AM		