New Venture Formation
ESM 402A, Spring 2020
Class: MW 9:30-10:45 am

Instructor: Emily Cotter
Office Hours: T 3:00-4:00 pm and by appointment
Cell Phone: 310.569.3941
Email: ecotter@bren.ucsb.edu

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 a 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
Zoom – Online Conference System

Lucidchart – Business Model Canvas
https://www.lucidchart.com/

Lucidchart provides collaborative diagramming, including group chat and comments. Each student should create a “Free” account. The Business Model Canvas is offered in the Template Gallery, under the Business Analysis category.

Required Videos
Udacity
How to Build a Startup – The Lean LaunchPad, Steve Blank
Students must register online to view the lectures.

**Recommended Reading**

*Harvard Cases*

All the cases are listed under the Harvard course entitled “New Venture Formation (ESM 402A, Spring 2020).” 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.

**Other Supplemental Reading**

*The Startup Owner’s Manual, Steve Blank and Bob Dorf.*
Available via purchase on Amazon.


**Remote Class**

Our class will meet through the Zoom online conference system. We will adopt the same rules and norms as in a physical classroom. For everyone’s benefit, please join the course in a quiet place. Turn on your video. Mute your microphone, unless you are speaking. We will use the Raise Hand feature in Zoom to manage questions and moderate class discussions. Close any browser tabs not required for participating in class. This form of learning will be somewhat new to all of us, and success will depend on the same commitment we all bring to the physical classroom.

**Attendance and Participation**

Students are expected to attend every class. The participation portion of the grade is 500 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.

**Idea Generation**

As part of the educational process, during the course of the Eco-E program, individual students will bring a variety of ideas and information to an Eco-E class project for discussion, review and analysis. Any ideas or information introduced to an Eco-E class project by an individual student will be available for use by any student team member, both during or after the Eco-E class project, for any purpose, unless it is Prior IP. Prior IP is intellectual property that is developed by a student before the Eco-E class project began and that is both recognized and protectable under United States copyright, patent or trademark laws. Any Prior IP introduced by a student during the course of an Eco-E class project may be used by all student team members in the course of the Eco-E class project for academic purposes. To avoid misunderstandings and confusion, if a student wants to contribute Prior IP to an Eco-E class project, that student should clearly identify it as Prior IP to the other student team members and notify
the instructor that the Prior IP is being contributed to the class project for academic use in the Eco-E class project.

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.

<table>
<thead>
<tr>
<th>Individual Participation</th>
<th>Individual Contribution</th>
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<tbody>
<tr>
<td>Attendance</td>
<td>500 points (25%)</td>
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<tr>
<td>Lab Discussions</td>
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<td>Sprint Presentations</td>
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<td>Feedback to Other Teams</td>
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<thead>
<tr>
<th>Project Management Plan</th>
<th>Team Contribution</th>
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<tbody>
<tr>
<td>100 points (5%)</td>
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<thead>
<tr>
<th>Sprint Updates</th>
<th>Team Contribution</th>
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<tbody>
<tr>
<td>How much the team learns each week</td>
<td>300 points (15%)</td>
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<tr>
<td>Documented via progress reports</td>
<td></td>
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<tr>
<td>Submitting updated business model canvas</td>
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<table>
<thead>
<tr>
<th>Sprint Presentations</th>
<th>Team Contribution</th>
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<tbody>
<tr>
<td>Sprint #1</td>
<td>600 points (30%)</td>
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<tr>
<td>Sprint #2</td>
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<td>Sprint #3</td>
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<tr>
<th>&quot;Lessons Learned&quot; Presentation (Sprint #4)</th>
<th>Team Contribution</th>
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<tr>
<td>300 points (15%)</td>
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<tr>
<th>Individual Contribution to Team Project, Based on Peer Evaluation</th>
<th>Team Contribution</th>
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<tr>
<td>200 points (10%)</td>
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<table>
<thead>
<tr>
<th>700 points (35%)</th>
<th>1,300 points (65%)</th>
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TOTAL 2,000 points (100%)

Description of Course Deliverables

Project Management Plan
Each team will prepare a 1-2-page project management plan detailing the following: (1) Names of participants; (2) Participant responsibilities (e.g., project manager, data manager, financial manager, outreach manager, etc.); and, (3) Project completion date.

A signed and scanned copy should be uploaded onto GauchoSpace by 9:30 AM on 4/13/20.

The Project Management Plan 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 should be comprised of two to five students.

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:

<table>
<thead>
<tr>
<th>Sprint #</th>
<th>Sprint Period</th>
<th>Sprint Length</th>
<th>Presentation Date</th>
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<tbody>
<tr>
<td>#1</td>
<td>4/6/20 to 4/19/20</td>
<td>14 days</td>
<td>4/20/20</td>
</tr>
<tr>
<td>#2</td>
<td>4/20/20 to 5/3/20</td>
<td>14 days</td>
<td>5/4/20</td>
</tr>
<tr>
<td>#3</td>
<td>5/4/20 to 5/17/20</td>
<td>14 days</td>
<td>5/18/20</td>
</tr>
<tr>
<td>#4</td>
<td>5/18/20 to 5/26/20</td>
<td>14 days</td>
<td>5/27/20*</td>
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*This is the date of the “Lessons Learned” Presentation practice sessions; the External Judging Panel “Lessons Learned” Presentations will be on Monday, June 1st

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 (“Progress Report”)
Each team will manage its business model development process online using Lucidchart 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 Lucidchart and submitted with the progress report 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:

<table>
<thead>
<tr>
<th>Slide 1</th>
<th>Cover slide</th>
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<tbody>
<tr>
<td></td>
<td>- Team name</td>
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<tr>
<td></td>
<td>- Team members/roles</td>
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</tbody>
</table>
- 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?
- 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 6/1/20.

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.