

**THE UNIVERSITY OF HONG KONG  
FACULTY OF BUSINESS AND ECONOMICS**

**School of Business  
BUSI0015A Entrepreneurship, Creativity and Innovation  
2008-2009 1 Semester**

**I. Information on Instructor and Tutor**

Instructor: GUO, Di  
Email: diguo@hku.hk  
Office: Room 609, Meng Wah Complex  
Phone: 2859 1012  
Consultation times: **Wednesdays: 2:00-3:00PM**

Tutor: Nil

Pre-requisites: All students are welcome to this course. However, students who have completed the principle courses in marketing, strategic management, accounting and finance, are more preferred.

Textbook: J. Timmons and S. Spinelli, 2006: New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century, McGraw-Hill/ Irwin.

**II. Course Description and Objectives**

■ Course Description

The purpose of this course is to introduce various aspects of new business creation with the focus on the process of turning an idea into a business with high growth potentials. Special emphasis will be paid on discussing and analyzing problems a new business faces in the process of commercializing innovations including innovative products and service, new technology, new business model and creative management strategy etc. Therefore, this course is not about ‘small business’ per se; rather, it is about the art of wealth creation through creativity and innovation in business. This course emphasizes on practical issues related to business creation. The entrepreneurial tasks like opportunity recognizing and seizing, fund raising and, keeping sustainable growth of a new business are the key points this course will address. It integrates and applies the concepts and techniques you have learned from the core management courses in the context of new venture creation and development.

■ Course objectives

1. Provide BBA undergraduate with understandings and applied knowledge in new business creation.
2. Provide students with applied techniques in managing the growth of a new business with creativity and innovation.

**III. Learning Outcomes**

By completion of this course, you are expected to understand and experience the process of new business initiation that includes:

1. Understanding the nature and the process of the entrepreneurial activities
2. Intelligently identifying business opportunities under dynamic economic settings;

3. Developing a business plan for a new business;
4. Analyzing and evaluating the design of a new business, exploring the strengths, weaknesses, opportunity and threats faced by the new venture;
5. Exploring funding resources for the new business;
6. Planning and organizing the essential activities in entrepreneurial companies by creatively applying general managerial methods;

#### IV. Alignment of Program and Course Outcomes

<b>Program Learning Outcome</b>	<b>Course Learning Outcome</b>
1. Should know the fundamental principles and theories of accounting, finance, marketing, management, human resource management and economics which meet the requirements of business and professional organizations	1. Understanding the nature and the process of the entrepreneurial activities
2. Should be able to use analytical tools to formulate and solve various business problems	2. Intelligently identifying business opportunities under dynamic economic settings; 4. Analyzing and evaluating the design of a new business, exploring the strengths, weaknesses, opportunity and threats faced by the new venture;
3. Should be able to distinguish between minor and major issues	4. Analyzing and evaluating the design of a new business, exploring the strengths, weaknesses, opportunity and threats faced by the new venture; 5. Exploring funding resources for the new business
4. Should be able to identify and use relevant information	5. Exploring funding resources for the new business
5. Should be able to make trade-offs and informed decisions	5. Exploring funding resources for the new business 6. Planning and organizing the essential activities in entrepreneurial companies by creatively applying general managerial methods

#### V. Teaching and Learning Activities

Interactive lectures and discussions, case studies, class meetings and group presentations are the major teaching/learning methods in this course. At the same time, there will be guest speakers on several topics, to be decided depending on the experts' schedules (Details will be announced in class). Students will have a chance to discuss your ideas with these practitioners in person. Teamwork is critically important in this course. Students are required to form venture teams consisting of five to ten members for each. Extensive teamwork outside the class is essential for this course. Students are strongly encouraged to communicate and co-ordinate by various ways.

#### VI. Assessment

The assessment is based on a group project, two case study reports, and class participation. The weights of the components in determining the final grade are:

- |                                 |     |
|---------------------------------|-----|
| 1. Attendance and Participation | 20% |
| 2. Case study report 1          | 10% |
| 3. Case study report 2          | 10% |
| 4. Group project                | 60% |

The alignment of the outcomes, teaching and learning activities and assessment is shown in the following table.

Learning outcome	Teaching and learning activity	Assessment
1. Understanding the nature and the process of the entrepreneurial activities	Lecture and class discussion	Class discussion and pop quizzes
2. identifying business opportunities	Lecture, class discussion, case study and presentation	Group project, case study report 1
3. Developing a business plan for a new business	Lecture, presentation	Group project
4. Analyzing and evaluating the design of a new business	Lecture, presentation	Group project
5. Exploring funding resources for the new business	Lecture, guest lecture, class discussion	Group project, case study report 2
6. Planning and organizing the essential activities in entrepreneurial companies	Lecture, class discussion	Group project

## VII. Standards for assessment

### 1. Attendance and Participation: 20%

Class attendance and participation are crucial to successful learning. Active class participation will not only facilitate the learning process but also make the class discussions lively and exciting. 5% of total grade is based on class attendance. Students are allowed to absent without permission for three times. But one point would be deducted for every absence beyond three missed classes up to five. 15% of total grade is based on individuals' performance in class. Students are expected to discuss the reading materials, cases and the presentations in class.

### 2. Case Study report 1

Students will be assigned a case study project as a written assignment. Students are required to analyze a venture idea by employing the opportunity recognizing and screening tools. For this purpose, students need to thoroughly familiarize themselves with the content of the case, collect information they deem necessary for case analysis, and skillfully employ the techniques learned from the class. The depth of the analysis, the clarification of the issues, and the application of the techniques are essential factors for grading. Written assignments should be printed, and turned in at the start of the class period on the date they are due. Late papers (anything after the start of class) are not accepted.

### 3. Case Study report 2

The second case project allows students to undertake an analysis on two venture financing term sheets gained by one entrepreneurial firm. Students are required to compare the two term sheets and identify which one is more of the interests of the entrepreneurial part. For this purpose, students need to have solid understandings in venture financing terms and the potential impacts of each term on an entrepreneurial business. The depth of the analysis, the clarification of the statements, and clear calculation on specific financing terms are essential for grading. Written assignments should be printed, and turned in at the start of the class period on the date they are due. Late papers (anything after the start of class) are not accepted.

#### 4. Group Project: Business Plan

Business plan is the final product of this course. Groups are required to build up a business plan for a start-up business based on the knowledge they gained from this course. The overall grade for the business plan will comprise a team grade (assigned to each member of the team) as well as an individual grade: 30% of the total course grade is based on the written business plan; 10% of the total course grade is based on the group presentations for the business plan; 20% of the total course grade is based on individual's contribution to the team work.

The creativity of the business idea, the clarification of the business vision, the depth of the analysis of the business opportunity, the strategic planning of the business and the financial projections are the essential factors for the grading of the group project.

The individual grade on the business plan will be determined in part by a peer review, in which each of teammates evaluates individuals' contribution to the development and delivery of the business plan. At the end of the class, students will be asked to fill out a peer evaluation form to rate the contribution of team members by assigning a percentage score to each member. These scores will be used to calculate the weight that will be applied to the individual's teamwork.

### **VIII. Academic Conduct**

- The University Regulations on academic dishonesty will be strictly enforced. Please check the University Statement on plagiarism at <http://www.hku.hk/plagiarism/>.
- Students are required to attend all classes on time. If you have some reasons for not being able to attend a class, you should inform the instructor beforehand.

### **IX. Course Schedule**

#### ***Week 1: Course Overview and Introduction on Entrepreneurship***

##### ***Objectives:***

- Review course requirements, materials, syllabus, grading etc.
- Discuss the power of entrepreneurship
- Identify the characteristics of an entrepreneur
- Define entrepreneurship
- Distinguish entrepreneurship with small business

##### ***Readings:***

1. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 1&2
2. 'The Questions Every Entrepreneur Must Answer', A. Bhidé, Harvard Business Review, 1996

#### ***Week 2-4: Entrepreneurial Process and the Opportunity***

##### ***Objectives:***

- Introduce the entrepreneurial process
- Discuss the way of shaping, recognizing and seizing opportunities
- Examine the methods of screening venture opportunities
- Introduce how to write a successful business plan
- Present your own business ideas (presentation session)
- Form the teams for the venturing projects

**Readings:**

3. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 3-6
4. 'Criteria Used by Venture Capitalists to Evaluate New Venture Proposals', I. MacMillan, Journal of Business Venturing, 1985
5. 'How to Write a Great Business Plan', W. Sahlman, Harvard Business Review, 1997

**Week 5-6: The Founder and the Team**

**Objectives:**

- Identify specific skills entrepreneurs need to know to manage startup, survival, and growth.
- Discuss personal ethic issues faced by an entrepreneur
- Discuss the critical issues faced by entrepreneurs in forming and building new venture teams.

**Readings:**

6. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 7 - 9
7. 'Entrepreneurship Reconsidered: The Team as Hero' R. Reich, Harvard Business Review, 1987

**Week 7: Reading Session**

**Week 8-10: Financing Entrepreneurial Ventures**

**Objectives:**

- Discuss the resource required for a successful entrepreneurial business and the potential financial resources
- Examine the entrepreneurial financial planning
- Discuss basic issues related to franchising
- Introduce venture capital investment and angel investment
- Examine the venture capital investment process, deal structuring and contracting
- Discuss issues related to raising debt capital
- Talk to venture capitalists ( guest speaking session)

**Readings:**

8. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 10-15
9. 'Everything You (Don't) Want to Know About Raising Capital', J. Timmons and D. Sander, Harvard Business Review, 1989
10. 'Introduction' from 'The Venture Capital Cycle', P. Gompers & J. Lerner, MIT Press, 2004
11. 'The Structure and Governance of Venture Capital Organizations', W. Sahlman, Journal of Financial Economics, 1990
12. 'Venture Capital Investment Term Sheet (Model)', from [www.nvca.org](http://www.nvca.org)
13. 'Characteristics, Contracts, and Actions: Evidence from Venture Capitalist Analyses', S. Kaplan and Per Stromberg, Journal of Finance, 2004

**Week 11-12: Startup and Beyond**

***Objectives:***

- Identify the challenges faced by a rapidly growing entrepreneurial venture
- Discuss leading management practices that distinguish high growth companies.
- Discuss how to deal with troubled companies
- Examine the harvest options and challenges

***Readings:***

14. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 16-19
15. 'The Challenge of Growth', M. Roberts, HBS (393-106)
16. 'Building the Self-sustaining Firm', A. Bhidé, HBS (395-200)

***Week 13: Presentation Session and Course Wrap-up***

***Objectives:***

- Team presentations of the business plan
- Summarize the course