

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

**School of Business  
BUSI0015A,B The Principle of Entrepreneurship  
2010 – 2011 First 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: **Thursdays: 5:00-6:00PM**

Tutor: Nil

Pre-requisites: This capstone course combines and applies knowledge gained from the core courses of management study. Thus, it is only open to students who have taken at least one course in marketing, strategic management, and accounting-and-finance.

Textbook: J. Timmons and S. Spinelli, 2008: New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century (8<sup>th</sup> Edition), McGraw-Hill/ Irwin.

Recommended reading: J. Livingston, 2007: Founders at Work: Stories of Startups' Early Days, Apress.

**II. Course Description and Objectives**

■ Course Description

This course introduces various aspects of new business creation. Special emphasis is paid on discussing and analyzing problems a new business faces in the process of turning an opportunity into an organization with high growth potentials. 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. Entrepreneurial tasks like opportunity recognizing and seizing, team building, entrepreneurial marketing, fundraising, and, business developing etc. are the major topics this course will discuss. Besides the class discussions, we are also introducing an entrepreneurial game, which provides students opportunity to experience the whole process of starting a new business.

■ Course objectives

1. Provide BBA undergraduate with understandings in the nature of entrepreneurship and the major issues facing by an entrepreneur in the process of starting a new business
2. Provide students with applied techniques in turning an innovative idea into a real business with high growth potentials.

**III. Learning Outcomes**

By completion of this course, students are expected to be able to:

1. Understand the nature of entrepreneurship and the entrepreneurial process;
2. Recognize, shape and evaluating business opportunities under dynamic economic settings;
3. Gain firsthand experience of starting a new business by developing a business plan;
4. Identify major start-up issues including team building, marketing, financial planning and fundraising etc. ;
5. Recognize major development issues beyond start-up stage

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

Program Learning Outcome	Course Learning Outcome
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	CLO1
2. Should be able to use analytical tools to formulate and solve various business problems	CLO2, CLO3, CLO4 , CLO5
3. Should be able to distinguish between minor and major issues	CLO2, CLO4, CLO5
4. Should be able to identify and use relevant information	CLO2, CLO3
5. Should be able to make trade-offs and informed decisions	CLO2, CLO3, CLO4, CLO5

#### V. Teaching and Learning Activities

Interactive lectures, class discussions, case studies, and group projects are the major teaching/learning methods in this course. 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 | 15% |
| 2. Essay                        | 15% |
| 3. Group projects               | 70% |

##### 1. Attendance and Participation: 15%

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. One point would be deducted for every absence for missed classes up to five. 10% of total grade is based on individuals' performance in class. Students are expected to discuss reading materials, cases and the presentations in class.

Students are strictly prohibited to chat in class. Up to 3 points of class participation would be deducted for constantly chatting in class.

## 2. Group Projects: 70%

Students are going to be assigned two group projects. The overall grade for group projects comprises two parts: team grades and individual contribution grades. Team grades make up 50% of the total grade (group project 1 makes up 10% and group project 2 makes up 40%). Individual contribution to group projects makes up 20% of the total grades.

- **Individual Contribution Grade:** The individual grade on the group projects will be determined in part by peer review, in which each of teammates evaluates individuals' contribution to the development and delivery of the group projects. 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.
- Group Project 1: Case study presentation: 10%

Each group will be assigned a case study for group presentation. Topics and case materials are announced in class. The assessment of this group presentation consists of two parts. The instructor's assessment on the presentation contributes 50% to the final mark while the assessment by your classmates contributes the other 50%.

Each student will have at least one chance to assess a group case study presentation. You will be required to fill up an assessment form and turn it in by the end of the class.

- Group Project 2: Entrepreneurial Game: 40%

The entrepreneurial game is to deepen your understanding in issues of starting a new business with 'real' experience. You are required to work with your team members and go through the whole process of starting a new business: you and your peers have to create your own business idea, analyze the feasibility and potentials for this idea, evaluate the resources, structure your team, construct marketing and operational strategies, seek for the needed funds, etc.

Business plan is the final product of this game. At the end of this course, each team is required to present their business plan and submit the written report of the business plan. The business plan presentation will make up 40% of the total grade and the final written business plan will make up 20% of the total grade.

There is no pre-set format for the business plan, except that the business plan should be less than 8000 words excluding the cover page, reference and appendices. Each presentation will take no more than 30 minutes. You will have 15 minutes for Q&A.

## 3. Essay:15%

You are required to thoroughly read at least one book an entrepreneur's business experience as part of the class and write a paper stating the major lessons you have learnt from this book. You are expected to address what you consider as the most appealing business principles from this entrepreneurial story and what you think the entrepreneur should have done better. At the same time, you are required to discuss

how the business principles learnt from this entrepreneurial story could be applied for your own entrepreneurial project.

The maximum length of the essay should be **no longer than 2500 words** excluding appendices. You are required to turn it in online through WebCT by the deadline. Later papers are not accepted.

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

Learning outcome	Teaching and learning activity	Assessment
CLO1	Lecture, class discussion, book review	Class participation, group projects, essay
CLO 2	Lecture, class discussion, case study	Group projects, essay, class participation
CLO 3	Lecture, class discussion, group presentation	Group projects, class participation
CLO 4	Lecture, class discussion, case study	Group projects, class participation, essay
CLO 6	Lecture, class discussion, case study	Group projects, essay

## VII. Standards for Assessment

### 1. Standards for Assessing the essay

Grade	<b>Understanding in issues (problem identification); critical elements (analysis); creative elements (originality); relevance (application), structure, language and conventions (writing)</b>
A High Distinction 80 - 100%	<p>The book was thoroughly read and the understanding in the major business principles was insightful.</p> <p>The analysis of the business principles was thorough and critical.</p> <p>The application of the business principles was very innovative and practical; alternatives were critically evaluated.</p> <p>Structure of the essay was coherent and complete; insightful arguments were well-articulated and adequately supported with facts/data.</p>
B Distinction 70% - 79%	<p>The book was thoroughly read and the major business principles were well identified.</p> <p>The analysis of the business principles was systematic and critical.</p> <p>The application of the business principles was logical and practical; alternatives were carefully evaluated.</p> <p>Structure of the essay was coherent and complete; arguments were well-articulated and adequately supported with facts/data.</p>
C Credit Pass 60% - 69%	<p>The book was thoroughly read and the major business principles were identified.</p> <p>The analysis of the business principles was systematic.</p>

	<p>The application of the business principles was logical and practical; alternatives were not well evaluated.</p> <p>Structure of the essay was complete; arguments were consistent and supported with facts/data.</p>
<p>D Pass 50% - 59%</p>	<p>The book was read and the basic business principles were identified.</p> <p>The analysis of the business principles remained basic.</p> <p>The application of the business principles was logical but impractical; alternatives were not discussed.</p> <p>The structure of the essay was complete; arguments were consistent but not supported with facts/data.</p>
<p>E/F Fail &lt;50%</p>	<p>Fail to demonstrate you have read the book and identified the business principles.</p> <p>The analysis was not relevant.</p> <p>The application of the business principles was illogical and impractical; alternatives were not discussed.</p> <p>The structure of the essay was incomplete; arguments were fragmental or not at all supported with facts/data.</p>

## 2. Standards for Assessing Case Study Presentations

Grade	<b>coverage of critical aspects (problem identification); critical elements (analysis); creative elements (concept/technique); structure, language and conventions (presenting)</b>
<p>A High Distinction 80 - 100%</p>	<p>The presentation was highly successful at identifying critical issues and communicating essential elements of the case.</p> <p>The case was presented in a highly professional and organized manner.</p> <p>The presenter displayed excellent verbal skills and delivered a highly interesting, coherent presentation at an appropriate level for the audience.</p> <p>The presenters were able to respond questions accurately and in a highly articulate way. The presenters were able to lead insightful discussions on relevant topics.</p>
<p>B Distinction 70% - 79%</p>	<p>The presentation was successful at identifying critical issues and communicating essential elements of the case.</p> <p>The case was presented in a professional and organized manner.</p> <p>The presenter displayed good verbal skills and delivered a highly interesting, coherent presentation at an appropriate level for the audience.</p> <p>The presenters were able to respond questions accurately. The presenters were able to lead further discussions on relevant topics.</p>

C Credit Pass 60% - 69%	<p>The presentation was adequate at identifying critical issues and communicating essential elements of the case.</p> <p>The case was presented in an adequate and organized manner.</p> <p>The presenter displayed basic verbal skills and delivered an interesting, coherent presentation at an appropriate level for the audience.</p>
D Pass 50% - 59%	<p>The presentation basically covered the key elements.</p> <p>The case was presented in a basic manner.</p> <p>The presenter displayed minimal standards of verbal skills.</p>
E/F Fail <50%	<p>The presentation was poorly addressed and organized.</p> <p>The presenter displayed poor standards of verbal skills.</p>

### 3. Standards for Assessing Business Plan Presentations & Written Reports

Grade	Critical elements, depth of analysis, language and conventions
A High Distinction 80 - 100%	<p>The business plan clearly described the product/service and addressed the problems solved by the product/service proposed.</p> <p>There was clear evidence of creativity and innovation with this business solution.</p> <p>The business model, especially the value propositions were thoroughly explained and clarified.</p> <p>The analysis of the market and financial projections were based on extensive data and investigations.</p> <p>The business plan appeared to be highly implementable.</p> <p>The presentation was highly successful at communicating the essential elements of the business plan to the audience.</p> <p>The business plan was presented in a highly professional and organized manner.</p> <p>The presenters displayed excellent verbal skills and delivered a highly interesting, coherent presentation at an appropriate level for the audience.</p> <p>The presenters were able to respond questions accurately and in a highly articulate way.</p>
	The business plan well described the product/service and addressed the

<p><b>B</b> Distinction 70% - 79%</p>	<p>problems solved by the product/service proposed.</p> <p>There was sufficient evidence of creativity and innovation with this business solution.</p> <p>The business model, especially the value propositions were well explained and clarified.</p> <p>The analysis of the market and financial projections were based on solid data and investigations.</p> <p>The business plan appeared to be implementable.</p> <p>The presentation was successful at communicating the essential elements of the business plan to the audience.</p> <p>The business plan was presented in a professional and organized manner.</p> <p>The presenter displayed good verbal skills and delivered an interesting, coherent presentation at an appropriate level for the audience.</p> <p>The presenters were able to respond questions accurately.</p>
<p><b>C</b> Credit Pass 60% - 69%</p>	<p>The business plan described the product/service and addressed the problems solved by the product/service proposed.</p> <p>There was evidence of creativity and innovation with this business solution in certain way.</p> <p>The business model, especially the value propositions were adequately explained and clarified.</p> <p>The analysis of the market and financial projections were based on sufficient data and investigations.</p> <p>The presentation was adequately at communicating the essential elements of the business plan to the audience.</p> <p>The business plan was presented in an organized manner.</p> <p>The presenter displayed adequate verbal skills and delivered an interesting, coherent presentation at an appropriate level for the audience.</p>
<p><b>D</b> Pass 50% - 59%</p>	<p>The business plan basically described the product/service.</p> <p>The business model was explained in certain way.</p> <p>The analysis of the market and financial projections were discussed.</p> <p>The business plan covered the key elements for a new business development.</p> <p>The presentation basically covered the key elements of the business plan.</p>

	<p>The business plan was presented in a basic manner.</p> <p>The presenter displayed minimal standards of verbal skills.</p>
<p>E/F Fail &lt;50%</p>	<p>The product/service was poorly described.</p> <p>The business model was poorly explained.</p> <p>The presentation was poorly organized.</p> <p>The presenter displayed poor standards of verbal skills.</p>

### **IX. 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:***

- Introduce the course objectives, outcomes, teaching methods and assessments etc.
- Identify the characteristics of an entrepreneur
- Define entrepreneurship
- Examine the entrepreneurial process

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

1. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 1-3
2. 'The Questions Every Entrepreneur Must Answer', A. Bhidé, Harvard Business Review, 1996

### ***Week 2-3: Opportunity: Idea to Reality***

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

- Discuss the way of shaping, recognizing and seizing venture opportunities
- Examine the methods of screening venture opportunities
- Introduce how to write a successful business plan
- Discuss how to pitch a business plan

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

3. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 5, 6& 8
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 4-5: Starting up: The legitimacy of the business and the team***

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

- Examine the issues to be considered while obtaining a business license
- Introduce different forms of business organizations and their impacts on business operation
- Discuss challenges of entrepreneurial team building and team management
- Identify the attributes of a creative entrepreneurial team leader

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

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

### ***Week 6-7: Starting up: Marketing your products/services***

- Discuss the uniqueness of entrepreneurial marketing
- Introduce ***Guerrilla Marketing Strategy***
- Discuss pricing strategy of new products/services
- Examine the costs and benefits of E-commerce
- Discuss the layout and location of the entrepreneurial business

### **Week 8: Reading week**

### ***Week 9- 10: Financing Entrepreneurial Ventures***

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

- Discuss financial planning for an entrepreneurial business

- Introduce venture capital investment process
- Discuss the major mechanisms used in venture capital investment
- Examine deal structuring and contracting in venture capital investment

**Readings:**

9. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 14-16
10. 'Everything You (Don't) Want to Know About Raising Capital', J. Timmons and D. Sander, Harvard Business Review, 1989
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: Start-up and Beyond***

***Objectives:***

- Identify the challenges faced by a rapidly growing entrepreneurial venture
- Examine the changing role of an entrepreneur with the growth of the business
- Discuss how to deal with troubled companies

**Readings:**

14. 'New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century' Chp 17&19
15. 'The Challenge of Growth', M. Roberts, HBS (393-106)
16. 'Building the Self-sustaining Firm', A. Bhidé, HBS (395-200)

***Week 12-14: Presentation Session and Course Wrap-up***

***Objectives:***

- Business Plan presentations
- Summarize the course