

***Entrepreneurship and New Ventures:***  
***A Socratic Approach to Innovation Analysis and Application***  
**Sofaer iMBA Program**  
**Recanati School of Business**  
**Tel Aviv University**  
**July 2010**

**Professor Danny Warshay**  
[dwarshay@dewventures.com](mailto:dwarshay@dewventures.com)

**Class Times: 9:45 – 12:30 Tuesdays and Thursday July 6<sup>th</sup> – July 29<sup>th</sup>**

**Office Hours:** By appointment

**Course Objective and Methodology**

Taught via Socratic method, this course will use case studies that explore essential elements of the entrepreneurial process: Defining Entrepreneurship; Recognizing Opportunities and Developing Business Models; Assembling The Team; Raising Financial Resources; Managing Uncertainty; Managing the Growing Venture; and Realizing Value.

The format of this course will follow a typical Harvard Business School methodology. It will expect that students will have enough prerequisite background to manage the rhythm and demands of a case study approach; and that students will be able to apply what they learn through their own analyses of cases and other materials individually and in groups (i.e., in class discussions, in written assignments, and in a final case examination).

The primary objective of the course is to enable students to apply fundamental management principles and financial analysis developed earlier in the MBA program to focus on specific demands of the entrepreneurial process, and, throughout the course, to develop confidence and acquire the tools needed to launch something on their own.

This course will be rigorous and demanding. Students who meet this challenge and work hard will find the process satisfying, and will reap significant rewards for the commitment and investment they make, at Sofaer and throughout their professional careers.

**Study Groups**

Small groups of students who meet before class to compare and contrast their own individual case analyses can be another invaluable collaborative learning experience. The success of these groups depends on each participant preparing the case before the group gathers. Study groups will form naturally, although any student unable to find a suitable group should approach the professor for assistance.

**Statement of Personal Objectives**

Please submit a one-page statement of your background and personal objectives for this course. This should address the following: (A) What do you personally want to get out of the course? (B) A brief description of your background, any small company or entrepreneurial experience, activities, undergraduate major, and what you hope to do after Sofaer. E-mail your statement to [dwarshay@dewventures.com](mailto:dwarshay@dewventures.com)

IMPORTANT: please note that you need to come to class -- BEGINNING WITH THE VERY FIRST CLASS -- having read that session's case studies and supplemental readings, ready to be cold called. The R&R case and the note *Some Thoughts On Business Plans* are required for the first half of the first class on July 6<sup>th</sup>, and the Aravind Hospital case and the note *A Perspective on Entrepreneurship* are required for the second half of the first class on July 6<sup>th</sup>. The following study questions to help guide your preparation for the R&R and Aravind cases are below.

### **R&R**

1. Use the POCD model from the *Some Thoughts On Business Plans* article to evaluate this business.
2. What obstacles did Bob Reiss face and how did he overcome them?
3. How successful was Reiss (be sure to quantify your answer with some financial numbers).
4. What factors contributed to his success?

### **Aravind**

1. Use the POCD model from the *Some Thoughts On Business Plans* article to evaluate Aravind.
2. Identify the key factors that have led to Aravind's success.
3. Quantify some of the operational success factors (again, be sure to run some numbers here, financial and otherwise).
4. Would you like to work at Aravind? Why or why not?
5. Are there any weaknesses in Aravind's model?
6. Using Howard Stevenson's definition of entrepreneurship from page three of the *Perspectives on Entrepreneurship* article ("pursuit of opportunity without regard to the resources currently controlled"), do you consider Dr. V. an entrepreneur? How about Bob Reiss from R&R?

## Course Materials

Our primary source of notes, cases and online tutorials will be Harvard Business School Publishing, and students will receive those materials directly from Sofaer.

To register online for the tutorial, "*Pre-Money/Post-Money Valuation*," students should use the following instructions:

1. Turn off all pop-up blockers
2. Register at <http://elearninghome.hbsp.org>
3. Click on "Sign up here" under New Users
4. Fill out the required information, including Organization ID 00053578, to be properly associated with your course.
5. Click "Find" to see what's available in your Learning Catalog.
6. Select "Register"
7. Click the "Place Order" button
8. You will now be enrolled in your eLearning program.

If you experience technical difficulty, please contact our Technical Support Group:  
Phone: 1-800-810-8858 (outside the U.S. and Canada, 1-617-783-7700)  
Email: [techhelp@hbsp.harvard.edu](mailto:techhelp@hbsp.harvard.edu).

The other *required* resources will expose the class to additional cutting-edge thinking about entrepreneurship. For me, they have been instructional, practical, and inspirational, and I hope they will be for you too, well beyond this class itself. As for the *recommended* resources, I encourage you to read them to the extent you have time and interest in the particular subject. I especially recommend *The Case Study Handbook* to anyone interested in explicit guidance for reading and analyzing Harvard case studies.

Required: HBS Publishing Notes and Cases (see below in syllabus context)

*Pre-Money/Post-Money Valuation* online tutorial (HBS)

*Jump Start Your Business Brain: Scientific Ideas and Advice That Will Immediately Double Your Business Success Rate* by Doug Hall  
<http://www.planeteureka.org/marketplace/jumpstart/>

*Art of the Start* by Guy Kawasaki  
[http://blog.guykawasaki.com/2006/06/the\\_art\\_of\\_the\\_.html#axzz0j8m7ITuf](http://blog.guykawasaki.com/2006/06/the_art_of_the_.html#axzz0j8m7ITuf)

*The Monk and the Riddle* by Randy Komisar

Recommended: *Purple Cow: Transform Your Business by Being Remarkable* by Seth Godin

Seth Godin's blog <http://sethgodin.typepad.com/>

*The Case Study Handbook: How to Read, Discuss, and Write Persuasively About Cases* by William Ellet

*Upstart Start-Ups!: How 34 Young Entrepreneurs Overcame Youth, Inexperience, and Lack of Money to Create Thriving Businesses* by Ron Lieber

## **Student Evaluation**

Final grades will reflect the following deliverables:

Classroom participation	40%
Three Written Case Analyses	20%
Final Case Study Examination	40%

## **Guidelines for Student Evaluation**

- 1. Classroom Participation** – The basis for high-quality classroom participation is diligent preparation. Students should expect to spend sufficient time reading, assessing, and analyzing each case study on their own, and are encouraged to conduct further analysis in study groups prior to each class. Each class focused on a case study will begin with a cold call of a student to open the class, typically with his or her own assessment of the case (e.g., “use the POCD model to evaluate the company,” or “what would you do if you were the protagonist entrepreneur and why?” or “would you invest in this company if you were a venture capitalist and why?”). Throughout the rest of the class, students will be asked to support or challenge the initial opening, as the professor facilitates a case discussion. This Socratic approach will enable students to discover, analyze, and demonstrate mastery over the key issues of the case. Reading the assigned resources will arm students with tools and vocabulary required to analyze cases, and students should expect to be cold called about those readings as well. Because classroom participation is so central to the success of each student and to the collective experience of the entire class, attendance in all classes is mandatory. Even one absence will seriously impair any student’s ability to succeed in this course.
- 2. Three Written Case Analyses** – Students will submit written analyses of case studies after they are discussed in class. These one- to two-page papers should begin with a clear and concise recommendation and follow with succinct supporting analysis. There is no need to summarize the case and the tone should be more professional and businesslike than academic. The strict deadlines for submission are listed below.
- 3. Final Case Study Examination** – The final exam will be a case that requires students to draw on the methodologies and entrepreneurial processes covered throughout the semester.

	Date	Case/Reading	Assignments Due
<b>I. What is an Entrepreneur?</b>			
1 July 6		R&R <i>Some Thoughts On Business Plans</i> In-class video: Bob Reiss	
2 July 6		The Aravind Eye Hospital <i>A Perspective on Entrepreneurship</i> In-class video: Dr. V.	
<b>II. Getting Started: Entrepreneurial Fundamentals</b>			
<b>II. a) Recognizing Opportunities and Developing Business Models</b>			
3 July 8		Profit Logic <i>Note on Business Model Analysis for the Entrepreneur</i> <a href="#"><i>Jump Start Your Business Brain</i></a> (focus on Ch. 2-4) In-class video: Scott Friend	
<b>II. b) Assembling The Team</b>			
4 July 8		Zipcar (skim) Ockham Technologies • <i>Splitting the Pie</i> • <i>Benefits of Having an Independent Board</i> • <i>Think Big</i> In-class video: Robin Chase	<b>Paper 1 due</b>
5 July 13		Precise Software <a href="#"><i>Art of the Start</i></a> <i>Founder's Dilemma</i>	
<b>II. c) Raising Financial Resources</b>			
6 July 13		• <i>Buzz Article: Equity Instruments and Term Sheet Provisions</i> • <i>Cool Fuel Term Sheet</i> Post-class video: Bill Stone, OutsideGC	
7 July 15		Honest Tea <i>New Venture Financing</i> <i>How Venture Capital Works</i>	
8 July 15		Parenting Magazine <i>HBS Pre- and Post-Money Online Tutorial</i> <i>Venture Capital Valuation Method</i>	<b>Paper 2 due</b>
9 July 20		CelTel International <i>Legal Forms of Organization</i>	
<b>II. d) Managing Uncertainty</b>			
10 July 20		E Ink: Financing Growth	

<p>11 July 22</p>		<p>Mercury Rising: Knight Ridder's Digital Venture Corporate New Ventures at P&amp;G (skim) <i>Disruptive Technologies: Catching the Wave</i> In-class video: Bob Johnston, Doug Bate, Visterra Group</p>	
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<b>III. Managing the Growing Venture and Realizing Value</b>			
12 July 22		Shurgard Self-Storage: Expansion to Europe In-class video:	
13 July 27		Kendle International <i>A Note on the Initial Public Offering Process</i>	
14 July 27		Kate Spade <i>Monk and the Riddle</i>	<b>Paper 3 due</b>
15 July 29		Final Examination	

## Danny Warshay

Danny Warshay has devoted his career to building, managing and harvesting high-growth entrepreneurial ventures. He is the founder and managing director of DEW Ventures, a platform he has used to launch and develop a portfolio of new, quickly growing companies and to advise a variety of others.

Danny began his entrepreneurial pursuits while an undergraduate at Brown as co-founder of Clearview Software, the developer of the *SmartForms* suite of Macintosh applications software. Apple Computer acquired Clearview in 1989. He then co-developed Specialized Systems and Software, a custom software development firm sold to Medline Industries.

Danny led the growth of Anchor Communications, a startup magazine and Internet publishing company sold in two parts to A.H. Belo Corporation and Miller Publishing Group. While at Anchor, Danny served as publisher of the company's regional titles including *Rhode Island Monthly* and spearheaded the launch of its first Internet products including RhodeIsland.com. He also served as Chief Operating Officer of Anchor's first national products, *Getaways* magazine and GetawaysOnline.com Internet travel service.

As co-founder and managing director of Health Business Partners — the nutrition industry's premier venture capital and financial advisory firm — Danny built and led the firm's venture capital practice.

Danny's corporate experience came at Procter & Gamble as a member of the Duncan Hines Brand Management team where he managed the development and marketing of new products.

One of Danny's business passions is Open-Book Management – an approach to empowering, motivating and rewarding employees through exposure to all relevant measures, financial literacy, and providing a meaningful stake in the outcome through employee ownership. He has spoken in national forums and has been interviewed in *Inc. Magazine* on the topic, and coaches companies interested in embracing this approach.

Danny is an adjunct professor at Brown University where he teaches Entrepreneurship and New Ventures: A Socratic Approach to Innovation Analysis and Application - an advanced course that he developed in the interdisciplinary Commerce, Organizations and Entrepreneurship program (COE). In the 2008 *Critical Review*, this course received the highest rating of any course taught at Brown. He also teaches entrepreneurial finance and Technology Entrepreneurship and Commercialization in the Brown Masters Program in Innovation Management and Entrepreneurship (PRIME) and serves on the PRIME faculty leadership team.

In 2006, he was the recipient of the Brown Israel Faculty Exchange Fellowship through which he taught his Entrepreneurship and New Ventures course in the Executive MBA Program of the Recanati School of Business at Tel Aviv University. In January and June 2008, he taught intensive versions of his Entrepreneurship and New Ventures course for Egyptian executives, heads of Egyptian NGOs and entrepreneurs at the TMA Executive Training Institute of Cairo, and in July 2009 through Brown's Office of International Programs, he taught a similar course at Instituto Universitário de Lisboa in Lisbon, Portugal. In June 2009, he co-led the week-long Workshop on Technology Entrepreneurship Teaching in the Brown International Advanced Research Institute (BIARI). And in January 2010, he taught his intensive version of Entrepreneurship & New Ventures at the Zhengzhou University of Light Industry in Zhengzhou, China. He is also Brown faculty liaison to the Brown men's soccer team.

Danny has been appointed to the faculty of the Sofaer International MBA program at Tel Aviv University's Recanati School of Business. Beginning in the summer of 2010, he will be teaching his

Entrepreneurship and New Ventures course in this newly formed global experience rooted in Israel's innovative, entrepreneurial and high-tech business culture.

Brown's Dean of the Graduate School, Sheila Bonde, and Vice President of Research, Clyde Briant, have asked Danny to collaborate with them on an ethics teaching project for which they have received a grant from the National Science Foundation. Danny will be teaching case studies focused on business ethics.

In recognition of his active support for Brown students in and out of the classroom, Danny has been nominated for the Karen T. Romer Award for excellence in advising and as a finalist for the Barrett Hazeltine Award for Excellence in Teaching.

Danny has served on the boards of numerous startups, and was a founding board member of the Brown University Entrepreneurship Program where he is now a Trustee Emeritus. He has served on a variety of other non-profit boards focused on health and education. Those include Rhode Islanders Sponsoring Education (RISE) which provides mentoring, social service support and educational opportunity for the children of incarcerated parents; the Jewish Community Day School of Rhode Island; the Miriam Hospital Board of Governors; and as an Honorary Life President of the Brown University Hillel Foundation where for four years he served as President during the foundation's \$12 million capital campaign and construction of its 28,000 square foot new facility. He is the recipient of the Merrill L. Hassenfeld Leadership in Community Service Award.

Danny received a B.A. in History, *magna cum laude*, from Brown University (Junior Year at Hebrew University in Jerusalem), and an M.B.A. from Harvard Business School.

In addition to spending time with his wonderful wife and three terrific children, Danny loves the mental and physical challenges and rewards of vinyasa yoga. He is also an avid (and tortured) Cleveland sports fan