

**Carnegie Mellon University
Fall Semester 2021**

An essential aspect of creativity is not being afraid to fail.

Edwin Land

Course: 19672 – Special Topics: *Tech Startup:
Building Your Company* (EPP) – A2
95798 – Tech Startup: *Building Your Company* (ISM) – A2

Location: HBH 1005

Time: Thursday, 6:20 PM – 9:10 PM

Instructor: Mark DeSantis, PhD
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TA: TBD

Please call to arrange for office hours.

Course Description:

This course will teach an innovative to creating and building an innovative tech company. Every tech business needs a concept of the business, money to finance it and a team to make it happen. Conceiving, building and financing a business are tasks rarely done but evolve and interact as the business evolves. For example, a person critical to the early success of the company may not have the same role (or status) in the company only a or two later. As Stanford Entrepreneurship Professor Steve Blank often says, “*Startups are not little versions of big companies.*”

The first three years of a technology start-up are the most critical; when the company's DNA or trajectory is set. Too few entrepreneurs appreciate this fact and, as a result, many start without the essential skills talents and capabilities needed to set the company on a successful path. Some of these entrepreneurial skills can only be learned through starting and growing a business while others can be learned. This course attempts to bridge the challenging gap between learning and doing entrepreneurship.

We introduce you to the essential skills of **building a team** and **raising money for your business**. Identifying managing and evaluating a start-up team. Do I have the skill motivation and ability to be a tech entrepreneur? Can I build a company from scratch (really?)? Should I be the CEO Sales Account Manager VP of Engineering or something else altogether? What should my team look like on day 1

a year from now or three years from now? How do I incent them? Manage them? Lead them? How do I evaluate whether people have the skills knowledge abilities and attributes necessary for a) this team generally b) the role I've picked for them specifically and c) the long haul? I know I need money what but how much, where, when, from whom and what kind of money?

This course will offer a new approach to understanding how, why, where and when these seemingly disparate 'tasks' are in reality one piece of 'whole cloth.' Specifically, this course moves away from a traditional linear approach to thinking about your business to an iterative *conceive-do-assess-reconceive* thinking.

The best way to learn entrepreneurship is by doing, which is why this course will use two 'true-to-life' scenarios as the anchor for the course. The class will be divided into 4 teams will focus on a company that is either (1) a student idea for new start-up, (2) an existing start-up (ideally local) or (3) a hypothetical start-up proposed/conceived by the students, the professor or both.

Course Learning Objectives:

Each student will be better able to do the following by the end of the course:

- Understand and anticipate how when, where and why each of the three features of starting and building a tech-based business (i.e., financing the business and building the team) interact and impact one another.
- Understand how new information and data about the concept of the business, financing and the team can be quickly integrated into the company's ongoing strategy and tactics.
- Think of tech startup planning, not as an occasional activity, but as a continuous, daily process.
- Fuller understanding creating and evaluating the concept of your business, financing that business and building a team to support it.

Course Requirements:

Teams will take their respective cognitive learning-driven start-ups through financing their start-up and building a team. Specifically, each team will be required to make a final integrative *presentation and accompanying report* integrating market discovery, funding & building a team. Each presentation will come at the end of each course section, roughly equally spaced throughout the semester. Each team will make a ~25 minute presentation followed by ~15 minutes of discussion between fellow students, faculty and invited guest. Students are, of course, encouraged to draw on resources beyond the assigned reading and lectures.

Presentations will be judged on the quality and depth of the analysis and clarity of presentations (see attached presentation assessment forms). Students can expect not only to develop and provide recommendations.

Grade weighting is as follows:

Integrative Presentation	80%
Integrative Report	10%
Class Participation	<u>10%</u>
Course Grade	100%

Team presentations will be collectively evaluated the quality, depth and usefulness of the recommendations of their peers for that session. Grades are assigned by the professor with consideration to the quality of the discussion in final grade.

Required Readings:

The Startup Owner's Manual: The Step-By-Step Guide for Building a Great Company by Steve Blank.

Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist by Brad Feld.

Pitch Perfect: How to Say It Right the First Time, Every Time by Bill McGowan.

Lean Startup How Constant Innovation Creates Radically Successful Businesses by Eric Ries

The Hard Thing About Hard Things: Building a Business When There Are No Easy Answers by Ben Horowitz

Rich versus King: The Entrepreneur's Dilemma by Noam Wasserman

The Four Steps to the Epiphany by Steven Blank

Building Great Software Engineering Teams: Recruiting, Hiring, and Managing Your Team from Startup to Success by Joshua Tyler

Course Schedule

Class 1 – Early Stage Investing: *Who, What, When, Where & Why*

Learning Objectives: Students receive a thorough grounding in the tools, terminology and techniques that are common to *ventureable* opportunities.

Required Readings:

- *Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist* by Brad Feld. Read chapters. 1-6

Guest Lecturer: A venture capitalist/angel investor will discuss the challenges to funding a start-up.

Class 2 – Finding Funding: *Good Money/Bad Money*

Learning Objectives: Students learn how to evaluate capital sources and when and how to apply investment capital to your tech company.

Required Readings/Viewings:

- *Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist* by Brad Feld. Read chapters 7-12
- Watch Brad Feld presentation:
<https://www.youtube.com/watch?v=1cSboDkdP7g>

Class 3 – How Do I Get Funded: *The Investment Process*

Learning Objectives: Understanding venture investing from the perspective of the investor. Understanding the difference between uncertainty and risk and the relevance of these two concepts to funding a business.

Required Readings:

- *Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist* by Brad Feld. Read chapters 13-16

Class 4 – Pitching (& Closing) a Round: *What Does it Really Take?*

Learning Objectives: Students learn what it really takes to get the money. Learn the spoken and *unspoken* norms of raising investment capital.

To Do: Students are given guidance on integrating their customer discovery results with their funding analysis presentation.

Required Readings/Viewings:

- *Pitch Perfect: How to Say It Right the First Time, Every Time* by Bill McGowan. Read chapters 1-6

- Watch Bill McGowan presentation:
<https://www.youtube.com/watch?v=4i59F7FALuU>

Class 5 – Funding Analysis Presentations

Learning Objectives: Teams share their respective challenges, ideas and approaches.

To Do: Students teams present their funding analysis results to a panel that includes the professor, teaching assistant, outside observers and fellow students. Students are given feedback on areas that need further analysis and potential opportunities. Students receive team grades for this round of presentations.

Class 6 – Building a Team: *What It Takes to Understand, Recruit & Lead*

Learning Objectives: Learn the reality of recruiting, incenting and leading a young, new venture. Mitigating the risks that come with the territory.

Required Readings/Viewings:

- *Building Great Software Engineering Teams: Recruiting, Hiring, and Managing Your Team from Startup to Success* by Joshua Tyler. Read chapters 1-9
- Watch Navy SEAL team building presentation:
<http://www.inc.com/malachi-leopold/imi-what-navy-seals-know-building-teams.html>

Class 7 – Integrative Business Plan Presentations

Learning Objectives: Teams share their respective challenges, ideas and approaches.

To Do: Students teams present their building team analysis results to a panel that includes the professor, teaching assistant, outside observers and fellow students. Students are given feedback on areas that need further analysis and potential opportunities. Students receive team grades for this final round of presentations.