

#### **SYLLABUS**



#### Texas Venture Labs Practicum I

MAN 385 (04485)

Spring 2012 Syllabus

**Professor:** Rob Adams, Ph.D.

Classroom: AT&T M202

**Time:** Mondays, 6:00 PM – 9:00 PM

Office Hours: By appointment

Contact: 512-633-5955, Rob.Adams@mccombs.utexas.edu

Administrative: Ann Whitt, <u>Ann.Whitt@mccombs.utexas.edu</u>, 512-232-6597

#### **Course Objective:**

Texas Venture Labs is a university-wide educational initiative whose mission is to accelerate start-ups on the UT campus and central Texas towards raising capital and taking their innovations to market while creating an experience that transforms UT graduate students into future entrepreneurs and business leaders.

#### **Course Description and Methodology:**

This course is a practicum which teaches the process of creating new ventures through a mix of academic content and hands-on experience. Students are drawn from and work in crossfunctional teams from the graduate schools of business, engineering, law and natural sciences. Content is designed to provide a base level of knowledge on the process of starting a new venture and is delivered through a mix of lectures, guest speakers and outside events. Students apply this knowledge through partnering with two early stage startup companies for the duration of the semester to perform a complete assessment of the business in its current state (closely patterned after the venture capital due diligence process) and then design and complete projects focused on accelerating the company's entry into market and facilitating the funding decision. At the end of the semester, the teams deliver a formal report and presentation to the company containing the final business assessment in addition to all work products completed during the semester.

The student taking this course for the first time, called an Associate, is required to complete the application process to enroll in the class. The application process is mandatory and instructor permission is required to take the course. Each semester, there will be a number of students, called Principals, who have taken the course before and are continuing on. These



students must go through a mandatory selection process and instructor permission is required to continue with TVL. Principals are selected based on their passion and enthusiasm, grasp of applicable business concepts, work efficacy and leadership potential. There will be 1-2 Principals per student deal team and their function is to serve as the deal lead. This entails performing project management duties for the team, serving as the main point of contact with entrepreneurs, serving as a reference for the team on the TVL process and procedures and performing quality control on the team's work products.

TVL partner companies undergo an application and selection process each semester and are selected according to the company's commercial viability and the entrepreneur's enthusiasm for mentoring graduate students on the process of new venture creation. TVL seeks to promote commercialization at UT and as such companies with specific ties to the university will receive special consideration during selection. An additional requirement is that all partner companies are either actively seeking funding (through private investment or grant sources), in the funding process or have recently secured a funding round. The goal of Venture Labs is to aid the startup in achieving a funding event, although this will not define success.

Each semester, TVL seeks to build a portfolio of companies which provides a sampling of those industries and sectors in the region that are receiving investor funding. This is done to give TVL students exposure to the different types of startups and their respective funding processes. Each semester, TVL partners with 10 companies, five of which are very early stage (called Stage II companies) and are focused on activities like market validation and developing the business model and/or technology and five of which are further developed (called Stage III companies) and focused on the fundraising process. Students will work with one company from each stage.

Students will be grouped into deal teams roughly consisting of 2x MBAs, 1x Law Student, 1x Graduate Engineering student and 1x Graduate Natural Sciences student. This cross-disciplinary approach is to ensure that each team possesses a broad and varied skill set while no one individual member is expected to be an expert in his/her field. At the beginning of the semester, Stage II companies will pitch to the class and students will submit a preference for which companies they want to work with. In this way, TVL can match the student's interests and experience with the activities and needs of the company. TVL will do its best to place a student with the company of his/her choice, but this isn't guaranteed and it is expected that the student will perform with enthusiasm and diligence on any company he/she is assigned to. Stage III companies are introduced 2-4 weeks after class has begun and deal teams will be able to indicate a preference for which companies they work with.

Deal teams begin work on a deal by completing a Quickscreen based on the company's business plan and investor pitch deck (if available). This provides the team with a base level of understanding about the business and its funding potential. Deal teams will then perform an initial assessment using the TVL playbook in conjunction with available business documents, interviews with the entrepreneur and basic research to identify the company's strengths and weaknesses in those areas critical to company formation. The team will then brainstorm



potential projects (3-5) focused on alleviating the company's weaknesses and schedule a meeting with the company to discuss these potential projects. Companies are also instructed to brainstorm a list of 3-5 potential projects they see as critical towards company formation. As a group, the deal team and entrepreneur will decide upon a list of projects (3-5) to complete during the semester. Afterwards, the deal team will design their "action plan" by defining the specific deliverables to be completed, roles and responsibilities within the team and the timeline and milestones necessary towards achieving their goals. These agreed upon workflows will be combined with a formalized business assessment of the company into a single product which is delivered to the company at the end of the semester.

#### Class meetings will consist of a mix of:

- Content (approx. 2 hr.). TVL is structured to provide a systematic approach towards assessing or creating a new venture. Content delivered will cover the fundamentals of this approach and will provide the student with a foundation in understanding the process of new venture creation. It will consist of lectures, guest speakers and outside events.
- 2) Deal Update (approx. 1 hr.). Updates will take place periodically and are structured like a board meeting. The purpose is to update the rest of the class on the status of the deal and receive advice or suggestions on problems the team is facing. Each update will focus on the content topics covered in previous classes as it pertains to each deal. A different member of the team will open each update with a brief status update on the deal and then discuss any issues the team is facing. Each deal has approximately five minutes for status and issues.
- 3) Deal Team work time (approx. 1 hr.). Some class sessions will end with time for the deal teams to work on their deals. These sessions are mandatory work sessions and Associates should place an emphasis on gaining advice and input on their deals from the Venture Partners and Dr. Adams.
- 4) Presentations. Certain sessions are devoted to presentations of different deliverables. The team or individual will determine the best format for presenting relevant information. Presentations will be followed by Q&A and/or discussion focused on the methods used in the analysis and the presenters should be prepared to defend their analysis with demonstrable evidence.
- 5) CTAN Screening Meeting. The Central Texas Angels Network hosts the TVL class for two screening meetings each semester. It is required that all students attend at least one screening meeting as the screening meeting does not occur during regular class hours, compensation time for this requirement is given in the form of one less class session. During the screening meeting, 10 companies pitch to the Angels as part of the fundraising process. Angels are then given a brief period to ask questions about the deal. This event is designed to give students insight into the



fundraising process through both observing investment pitches and the issues that are important and relevant to potential investors. The date and time fall outside of normal class sessions, but it is required that students attend (one class session is cancelled to compensate for this requirement).

6) Venture Expo. Each semester, TVL hosts a Venture Expo to showcase TVL companies and the work of TVL students to an audience of investors, entrepreneurs and students. During the spring, Venture Expo is hosted in conjunction with the Global Venture Labs Investment Competition (VLIC). Students are required to attend and aid in staffing these two events.

#### **Required Text, Readings and Cases:**

If You Build It Will They Come: Three Steps to Test and Validate Any Market Opportunity, Rob Adams, John Wiley & Sons, Inc., 2010.

ISBN: 978-0-470-56363-2

Launching New Ventures (5<sup>th</sup> Edition), Kathleen R. Allen, Houghton Mifflin Company, 2009.

ISBN: 978-0-547-01456-2

• Make sure to purchase the 5<sup>th</sup> Edition. There is a 6<sup>th</sup> Edition available but the cost is too prohibitive

Texas Venture Labs Due Diligence Playbook (e-copy). Will be made available to students.

#### **Recommended Reading:**

Crossing the Chasm, Geoffrey A. Moore, HarpersCollins Publishers Inc., 2002.

ISBN: 0-06-051712-3

#### Use of Mentors:

There are a number of TVL Venture Partners who have recently graduated from TVL as well as their respective programs. They administer the TVL program and serve as resources for the entire class while working on starting their own venture. These positions are full-time paid positions and are sourced from TVL alumni. More information will be given about these positions and the selection process during the semester.

Dr. Rob Adams is the TVL director and senior mentor to all students and will be available to meet with students/teams on an appointment basis.

#### **Grading Philosophy and the Importance of Class Participation:**

Venture Labs provides a service for entrepreneurs towards enhancing the entrepreneurship ecosystem within UT and Austin. It is imperative that each student keeps this



in mind and works on providing the best experience possible for the entrepreneurs we work with. Entrepreneurs from your deals will provide feedback via survey on your performance at either the end of the deal or the semester.

Grading distribution will roughly follow a 2/3 distribution for As and 1/3 distribution for Bs. Grading distributions will be categorized by school/college.

#### Grading will be broken down as follows:

1) <u>Individual Assignments</u> 40%

a. Attendance/Participation 20%

Attendance is required at all Venture Labs classes unless a valid excuse is given. Active participation will be expected, as it is essential to quality group discussion, feedback sessions and group work. Grades will be calculated using input from the Venture Partners and the instructor.

In the event of an absence, the student will be required to submit a written article (5-7 pgs, double-spaced) by the next class period in order to receive attendance/participation points for the missed class. The student may choose what to write about, but the topic of the article must be related to the content covered during the missed class.

b. Peer Evaluation 10%

Because of the team-oriented approach in Venture Labs, team members will be required to provide feedback on each other via anonymous survey at the end of the semester.

b. Investment Pitch 10%

To further understand the process of launching a new venture, each student will be required to develop a business concept and present it to the class at the end of the semester in the form of an investment pitch. Students will be provided with a template pitch presentation containing all of the required topics. This exercise will be graded on thoroughness and quality of analysis in developing a complete business concept, as opposed to a concept that is commercially viable or highly scalable.



2) Entrepreneur Evaluation	
a. Stage II Entrepreneurs	15%
b. Stage III Entrepreneurs (7.5% per deal if two)	15%

Exit interviews will be conducted with entrepreneurs to determine the frequency of communication, level of commitment and quality of overall work performed by the Deal Teams. Entrepreneurs will evaluate each individual for their performance.

3) Group Assignments	30%
a. Initial Assessment / Action Plan – Stage II	5%
<ul><li>b. Initial Assessment / Action Plan – Stage III</li></ul>	5%
c. Final Presentation – Stage II	5%
d. Final Presentation – Stage III	5%
e. Final Assessment – Stage II	5%
f. Final Assessment – Stage III	5%

The deliverables will be graded as a review of the body of work produced by the deal team during the semester. Deliverables will be due throughout the semester and will be delivered to the entrepreneur/investor at the end of the semester. These deliverables represent the Texas Venture Labs brand and will be held to a high standard.

#### **Classroom Protocol:**

Aside from open work time, this class is run using the protocol of a board meeting. This means full respect for people's input, while still challenging people in a professional manner. This also means if you have the floor, you are concise, present new or compelling material and back your position up with facts, not opinions.

Participating in a board meeting means arriving on time, being fully engaged, no cell phone interruptions and expectations of being asked to participate at any time. As in a board meeting, attendance is considered mandatory in all but the most major of life or business circumstances. If you do not attend a class, work with your team to figure out a work plan that represents the equivalent amount of work for preparing and participating in that class.

A summary of the boardroom protocol is below:

- 1. Arrive on time and post your name card
- 2. Listen respectfully
- 3. Build on previous points
- 4. Direct comments to your classmates
- 5. State your assumptions
- 6. Speak concisely



- 7. Articulate your argument systematically
- 8. Give evidence to support your claims
- 9. Participate wholeheartedly
- 10. No cell phones
- 11. No laptops open during class

#### **Deal Team Deliverables:**

- 1) Initial Assessment The initial assessment will be conducted at the beginning of the semester so deal teams can gain a thorough understanding of the deal as quickly as possible. Deal teams will first complete a Quickscreen based on available business documents and then work through and complete the TVL playbook as completely as possible by interviewing the entrepreneur and conducting outside primary and secondary research. From this process, the teams will be able to identify strengths and weaknesses with the entrepreneur that will shape the specific projects the team will work on during the semester. Following completion of the assessment, teams will develop an action plan in conjunction with the entrepreneur on both identified weaknesses as well as projects the entrepreneur has requested. Both the assessment and action plan will be presented to the class.
- 2) Final Presentation At the end of the semester, deal teams will give a final presentation to the class and entrepreneurs covering the work done during the semester. While there is no specific template for the presentation, teams will include a summary of the action plan including the list of projects and deliverables and the progress made on each project, research and analysis conducted and the team's findings and recommendations to the company. The final presentation will be delivered to the entrepreneur.
- 3) Final Assessment The playbook covers the fundamentals of starting a new venture by mirroring the venture capital due diligence process and in general the initial assessment finds that there are several areas of weakness for the deal. Deal teams will seek to build these areas out with the entrepreneur during the semester and will continue to update the playbook. This final assessment will be formalized into a written report which will include the team's various work products as appendices. \*Note that the team will only complete a playbook for their Stage II deal and that the final assessment for the Stage III deal will consist of a formalized product that includes all work done for that deal.

#### **Expectations of Deal Teams:**

Deal team work sessions – Deal teams will schedule weekly work sessions (3-4 hrs/wk)
to work on deliverables. Deal teams are encouraged to use the TVL workspace at AT&T
for all work sessions. Once established, teams will submit their meeting schedule to the
Venture Partners and one Venture Partner will attend at least a portion of each meeting
to provide assistance.



2) Partner company meetings – Teams will schedule a weekly meeting with each entrepreneur (1-1.5 hrs per meeting) and are encouraged to host the meetings in the TVL office space. Establishing these meetings ensures constant and continuous communication with the entrepreneur and ensures better results for both the team and the company.



#### **Confidentiality Statement:**

It is Venture Labs' policy not to enter into Non-Disclosure Agreements (NDA) with its partner startup companies. However, we are a professional organization and will maintain the highest degree of integrity within the business community. Each student should consider himself an ambassador for the organization, and the university, in each and every encounter regardless of whether it is with an entrepreneur, investment professional or other business/personal contact. As such, any and all information gained from a partner startup company is to be treated as confidential and used only for applicable business purposes. Any suspected instance of a breach of confidentiality or unethical business practices will be investigated and if warranted, disciplinary action will be pursued.

I have read, understood, and agree with all terms and conditions in this syllabus:

#### **Statement of Understanding**

,	,	,
Student Signature	Date	_
Print Name	Email Address	_



### **Class Schedule:**

		Textbook		Work		
Date	Topic	Section	Update	Session	Assignments Due	Notes
1/23	Course	N/A	N/A	No	None	Introduce Stage II
	Introduction					deals
1/26	CTAN Screening					5:30 – 8:30 pm
	Meeting					AT&T Center
1/30	1) Market	1) Chp. 6	N/A	Yes	None	
	Validation	2) Chp. 15				
	2) Marketing					
2/6	Strategy Financial	Chp. 9	Market	No	Sections 1-3 If You Build It	Introduce Stage III
2/0	Analysis	Clip. 9	Validation	INO	read	deals
	Allarysis		and Strategy		read	ucuis
2/13	1) Business	1) Chp. 4	Financial	No	Submit company idea for	
_,	Models	2) Chp. 6	Analysis		investment pitch	
	2) Competitive	, .	,		·	
	Analysis					
2/20	Initial		N/A	Yes	1) Playbook – initial	
	Assessment				assessment	
	Presentations				2) Action Plan	
					3) Initial Assessment	
- /		.)			presentation	
2/27	1) Startup Sales	1) Pgs. 334-	Business	No	Case study assigned	
	2) IP &	338	Models and			
	Regulatory	2) Chp. 11 and Pgs.	Competitive Analysis			
		138-152	Allalysis			
3/5	No Class – MBA	130 132				Compensation time
5,5	Global Trips					for CTAN and GVLIC
	·					participation
3/12	No Class – Spring					
	Break					
3/19	1) Funding	1) Chp. 16	Sales and IP	No	Case study due	Submit cover letter for
	Strategy		&			consideration as
	2) Investment		Regulatory			Principal in Fall 2012
2/26	Pitching	D 254 252	Francisco	N1 -		Cl-1-1)///C1)///
3/26	Angel Model	Pgs. 351-353	Funding	No		Global VLIC and VE overview/plan
4/2	Building Mgmt	Chp. 8 and	Strategy N/A	Yes	Review investment pitch	Volunteer signups and
4/2	Tms	Pgs. 283-293	IN/A	163	with Principals	team assignments
4/5	CTAN Screening	. 55. 255 255			with i inicipals	5:30 – 8:30 pm
., 5	Meeting					AT&T Center
4/9	VC/PE Model	Chp. 17	Mgmt Tms	Yes		
4/16	Investment	·	N/A	No	Submit Investment Pitch	Course survey
	Pitches					
4/23	Final		N/A	N/A	Submit for both deals:	Happy Hr with
	Presentations				1) Playbook – final	entrepreneurs
					2) Final Presentation	
5/2-5	Global VLIC and		N/A	N/A		Attendance required
	Venture Expo					

# Grading Sheet Texas Venture Lab Initial Assessment and Action Plan

Company name:	
- ·	

T '4' 1 A	
Initial Assessment (70 pts total)	
Market opportunity (10 pts)	
Discussion of size/potential of existing market and probable market acquisition	
• Strength and depth of analysis	
Sales & Marketing (10 pts)	
Discussion of acquiring and maintaining a growing customer base     Strongth and depth of analysis.	
• Strength and depth of analysis  Competition (10 pts)	
<ul> <li>Discussion of competitors and comparable deals</li> </ul>	
<ul> <li>Consideration of challenges facing new products in this market or limitations of the entire</li> </ul>	
market.	
Strength and depth of analysis	
Product/Service (10 pts)	
Discussion of uniqueness, complexity, strengths/risks of the product and/or service	
Consideration of manufacturing capability or scalability	
Discuss intellectual property, if relevant	
Strength and depth of analysis	
Legal Status & Structure (10 pts)	
<ul> <li>Discuss legal structure of company and any potential roadblocks to liquidity events.</li> </ul>	
Strength and depth of analysis	
Management (10 pts)	
<ul> <li>Discuss probability of CEO and management team executing business plan. Consider</li> </ul>	
expertise and previous experience.	
Strength and depth of analysis	
Financials (10 pts)	
<ul> <li>Discussion of current financial position and management's financial forethought</li> </ul>	
Consideration of exit strategy	
Discussion of value inflection points	
Strength and depth of analysis	
Action Plan (30 pts)	
Clear link between proposed projects and gaps within the assessment	
Clear articulation of the objective and deliverable format for each project	
Clear articulation of how each project will be of value for the entrepreneur	
Each project is broken down into concrete steps with clear milestones	
Amount of work is commensurate with expectations	
TOTAL (out of 100 points)	

## **GRADING SHEET**

# TEXAS VENTURE LABS FINAL ASSESSMENT – STAGE II

Company Name:_	 
Grader's Name:_	

Criteria	Score
Playbook Sections (35 points)	
Market Validation	
Business Model Assessment	
Financial Analysis	
Competitive Analysis	
Sales and Marketing	
<ul> <li>Legal, IP and Regulatory Issues</li> </ul>	
Funding Guidance	
Quantity of Work (20 points)	
Thorough analysis/consideration of items detailed in action plan	
Subject mastery as demonstrated by careful consideration of	
multiple alternatives/scenarios	
Translation of action plan into executable tasks/assignments	
Tasks/assignments translated into tangible work products	
Quality of Work (20 points)	
<ul> <li>Adherence to action plan or discussion of priority/workload shift</li> </ul>	
<ul> <li>Thoroughness/depth of analysis</li> </ul>	
<ul> <li>Logical flow/progress in managing towards accomplishment of action plan</li> </ul>	
<ul> <li>Evidence of meaningful and valuable work products; clear value add to entrepreneur</li> </ul>	
Document flow is clear and informative	
• Final product fills holes identified in 1 <sup>st</sup> Assessment	
Document is valuable to entrepreneurs and/or investors (25 points)	
Total (100 total points)	

## **GRADING SHEET**

# TEXAS VENTURE LABS FINAL ASSESSMENT – STAGE III

Company Name:	 	 
Grader's Name:		

Criteria	Score
Quantity of Work (30 points)	
<ul> <li>Thorough analysis/consideration of items detailed in action plan</li> <li>Subject mastery as demonstrated by careful consideration of multiple alternatives/scenarios</li> <li>Translation of action plan into executable tasks/assignments</li> <li>Tasks/assignments translated into tangible work products</li> </ul>	
<ul> <li>Quality of Work (35 points)</li> <li>Adherence to action plan or discussion of priority/workload shift</li> <li>Thoroughness/depth of analysis</li> <li>Logical flow/progress in managing towards accomplishment of action plan</li> <li>Evidence of meaningful and valuable work products; clear value add to entrepreneur</li> <li>Document flow is clear and informative</li> <li>Final product fills holes identified in 1<sup>st</sup> Assessment</li> </ul>	
Document is valuable to entrepreneurs and/or investors (35 points)	
Total (100 total points)	

# Entrepreneur Feedback Form - Texas Venture Labs

Company Name:

Rater's N	ame:		
Please rate the team and each individual using the criteria listed below. Your feedback is important and accounts for 15% of each student's final grade. When grading, please keep in mind that the class as a whole will be graded according to a distribution of 2/3 A's and 1/3 B's. Your feedback will be kept confidential and will only be used for grading purposes.			
	Criteria		
<ul><li>Overall mo</li><li>Clear and c</li><li>Displayed</li></ul>	understanding your business and identifying where valuation in executing projects and assigned tasks continuous communication throughout determination and diligence in executing projects ality of work		
D 100	G. I AN	Score:	
Deal Team Team Marchan	Student Name	1 (lowest) – 5 (highest)	
Team Member: Team Member:			
Team Member:			
Team Member:			
Team Member:			
Team Member:			
Comments (use a	dditional pages as necessary):		

# PEER FEEDBACK FORM - TEXAS VENTURE LABS

Rater's Name:\_\_\_\_\_

Please rate each individual on your team using the criteria listed below, considering work from both deals. Your feedback will be kept confidential and will only be used for grading purposes. Each individual's scores will be averaged to account for 10% of the final grade.		
	Criteria	
<ul><li>Clear and c</li><li>Displayed</li><li>Accountable</li></ul>	tivation and enthusiasm in working with the group on prontinuous communication throughout determination and diligence in executing projects lility to the group for assigned projects ality of work	projects
	Student Name	Score 1 (lowest) – 5 (highest)
Team Member:		-
Team Member: Team Member:		
Team Member:		
Team Member:		