



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 413H1S

Creative Destruction Lab

Winter 2015

L0101: Mondays 4:00 – 6:00 p.m. / WW 126

Instructor: Jesse Rodgers
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Phone:
Office Hours: Monday or by appointment
Teaching Assistant:

Co-requisites : ECO204Y1

COURSE SCOPE AND MISSION

This course will teach students about technology driven high growth company creation. Students will be introduced to issues around building a team, managing funding, and developing a product.

The objectives for this course are to develop students' understanding of the processes involved in developing a company that has the potential to be massively scalable. Building on what is taught in other entrepreneurship courses, it will develop a student's understanding of: how to start building a company that will be attractive to investors; the positive and negative aspects of raising capital for your company; shifting from a service to a product focused mindset; and developing products.

REQUIRED READINGS

A highly recommended book for this course is *The Hard Thing About Hard Things: Building a Business When There Are No Easy Answers* by Ben Horowitz (Harper Business, 2014, ISBN 978-0062273208)

Readings.

Essays by Steve Blank

- What is a startup? <http://steveblank.com/2010/01/25/whats-a-startup-first-principles/>
- Building Great Founding teams, <http://steveblank.com/2013/07/29/building-great-founding-teams/>

Essays by Paul Graham located at <http://paulgraham.com>

- Frighteningly Ambitious Startup Ideas [ambitious.html],
- How to Make Wealth [wealth.html]
- How to get Startup Ideas [startupideas.html]
- Growth [Growth.html]
- Why StartUp Hubs Work [hubs.html]
- Can You Buy a Silicon Valley? Maybe. [maybe.html]

- How to Present to Investors [investors.html]
- The Hardest Lessons for Startups to Learn [startuplessons.html]
- Do Things that Don't Scale [ds.html]
- Cities and Ambition [cities.html]
- Why to Move to a Startup Hub [startuphubs.html]
- The Hacker's Guide to Investors [guidetoinvestors.html]
- The Equity Equation [equity.html]

ASSIGNMENTS AND EVALUATION

<u>Individual Assignments</u>	<u>Weight</u>	<u>Due Date</u>
Class Preparation and Contribution	40%	Ongoing
Founding team structure	10%	Week 3 (Due 4pm Sunday Jan 18)
Venture Concept Pitch	10%	Week 5 (Due 4pm Sunday Feb 1)
 <u>Group Assignments</u>		
Pitch for capital	20%	Week 11 (Due 4pm Sunday Mar 15)
Submit a Board of Directors package	20%	Week 12 (Due 11:59pm on April 2)

COURSE FORMAT AND EXPECTATIONS

CLASS PREPARATION AND CONTRIBUTION

The in-class portion of this course relies on analyses and discussion. For most classes, there will be a prep question requiring several bullet points of commentary (200 words or less), due on Monday by 8am. Responses will be taken off the survey at the time due, and so late responses cannot be accepted. Simply doing this on time will give you 1 or 2 points (depending on quality) towards the class preparation grade, making half of this grade “easy”. The most important part of these preparation assignments is that they will help you prepare to contribute your own analysis, conclusions, and recommendations during in-class discussion.

In a typical class, one or more class members will be asked to start the session by addressing a specific question. After a few minutes of initial analysis and recommendations, the instructor will open the discussion to the rest of the class. Because of the varied backgrounds of those in the class, my experience is that the discussion is often improved if we bring in a variety of opinions by calling on people other than those who volunteer. If you do not wish to be called on during a class, please put your name on that day's “do not call” list.

While you are expected to be an active participant throughout the course, please note that the frequency of your participation in class is not the only criterion for class contribution. It is the quality of your participation that is most important. Criteria I will use in measuring effective class contribution include:

- (1) Is the participant a good listener?
- (2) Are the points made relevant to the discussion? Are they linked to the comments of others?
- (3) Is there willingness to test new ideas or are all comments “safe” (for example, repetition of case facts without analysis or conclusions)?
- (4) Do comments lead to a clearer statement of the concepts being covered and the problems being addressed?

A few points I want to emphasize:

- (1) Well-posed questions are not only a legitimate way to interact, but should be an important part of the discussions.
- (2) In most of the cases we discuss, there will be many different actions and plans that could be undertaken. Enlightened debate about the best plan to implement adds significantly to the understanding of the issues.
- (3) Because of the varied backgrounds in the class, many of you will have important contributions

to make based on your personal experience. I will try to learn about your backgrounds over the course of the term, but you are encouraged to bring these experiences to bear on the analysis of the issues discussed.

- (4) Disruptive class behaviour (e.g. side discussions with classmates, texting, emailing and web browsing during class) will negatively affect your contribution grade.

Please note that I have a “no excuses” policy regarding absences—I trust you to use your own judgment about your reasons for missing class and whether you can afford to do so. Your class contribution grade will suffer directly for every absence beyond 2 missed classes. Use these “free” absences as you like (job interview, illness, personal matters, religious holidays). You may choose any day for a free absence except a day when you present. If you miss a day when an assignment is due, you still need to get it to me before the start of class.

WRITTEN ASSIGNMENTS

Please note that clear, concise, and correct writing will be considered in the evaluation of assignments in the course. That is, you may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (www.asc.utoronto.ca) or one of the College Writing Centres (www.writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

The Founding team structure assignment is a two-page written document that provides an overview of the key people and their skills at two different ventures. This assignment draws on Steve Blank’s short essay on founding teams where he identifies the “hacker, hustler, and a designer.” Students will identify who they think fills particular roles at the ventures and how the equity is distributed between founders. Students are encouraged to examine ventures that are associated with the Creative Destruction Lab (a list of ventures will be provided on the first day of class).

The written portion of the *Venture Concept Pitch* consists of two one-page (maximum – can be less) elements. The first is a one page explanation of your venture idea. The second is a one page description of what you bring to your venture concept or to the development of another venture concept. Together these are worth half of the Venture Concept Pitch grade (the other half is the verbal pitch). Both of these elements are distributed in the class “pitch book”, so think of them as a companion to the verbal pitch. They can be in any format you like (e.g. text in paragraphs, bullet points, pictures, tables, diagrams, or a combination of these) as long as they capture the important aspects of what you need to get across to your audience, the class.

PRESENTATIONS

The course requires one individual presentations and one group presentation. Like good writing, a good presentation is not an easy thing to do, but it is an essential skill to develop for success in the business world. We look at several examples of successful presentations in class, but always remember that *enthusiasm* and *preparation* both go a long way.

In order to develop teams students will be asked to make a Venture Concept Pitch which is a **one minute** pitch where you communicate the essentials of your venture idea. The goal is to convince other members of the class that they should want to work with you on your idea. These pitches will take up the entire class in Week 5.

The actual *Pitch for Capital* is a **five minute** pitch where you communicate the essentials of your venture idea. The goal is to convince other members of the class that they should want to invest in your on your idea. These pitches will take up the entire class in Week 10.

TEAMWORK

Course participants are required to form new venture teams of **3-4** students whose talents, skills and knowledge (in the ideal case) are complementary. ***Extensive group work outside of class is an essential part of this course.*** Other factors crucial to your team's functioning are the management and coordination of group effort by appropriate means (telephone, e-mail, sub-group meetings, etc.). Each team will produce an original and comprehensive Board Package as its major final product and will present the the update in class.

After the pitches in Week 5, you need to decide whether to recruit other people to develop your venture concept, or to be recruited to another student's team. The pitches and the pitch book will help people decide what venture is attractive to them, and/or find the skills needed to fill out their team. All teams need to be approved by Week 6.

Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students and you are therefore reminded of the following expectations with respect to behaviour and contributions to your team project.

1. Read the document entitled, "Working in Teams: Guidelines for Rotman Commerce Students" which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving conflicts:

Conflicts are part of the team's process of learning how to work together effectively and when handled well can generate creativity and bring-multiple perspectives to the solution.

Student teams are collectively expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). In cases where teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach** as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

** For an appointment with a Rotman Commerce Team Coach, please contact Nikoleta Vlamis at nikoleta@nikoletaandassociates.com or Elaine Zapotoczny at elaine@nikoletaandassociates.com. Nikoleta and Elaine are highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach's role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

Weekly Schedule

Session	Date	Topic	Readings
1	Jan 5	What is a startup? What is 'startup culture'? : An introduction to the world of high growth venture backed companies.	<p>What is a startup? http://steveblank.com/2010/01/25/whats-a-startup-first-principles/</p> <p>Essay by Paul Graham located at http://paulgraham.com Frighteningly Ambitious Startup Ideas [ambitious.html], How to get Startup Ideas [startupideas.html]</p>
2	Jan 12	Building a founding team for growth: equity structure, hiring, firing, and egos.	<p>Building Great Founding teams, http://steveblank.com/2013/07/29/building-great-founding-teams/</p> <p>Essays by Paul Graham located at http://paulgraham.com How to Make Wealth [wealth.html] The Equity Equation [equity.html]</p>
3	Jan 19	Startup lifecycle: Start, Launch, Build, Chasm, and Scale.	<p>Essays by Paul Graham located at http://paulgraham.com</p> <p>http://www.reddit.com/r/startups/comments/2d4d5y/the_6_stages_of_a_startup_lifecycle_and_other/</p>
4	Jan 26	Why does growth matter?	<p>Essays by Paul Graham located at http://paulgraham.com Growth [Growth.html]</p>
5	Feb 2	Developing a product over a service.	<p>Essays by Paul Graham located at http://paulgraham.com The Hardest Lessons for Startups to Learn [startuplessons.html] Do Things that Don't Scale [ds.html]</p>
6	Feb 9	Building your pitch: what goes into a pitch deck? Why? Telling a story.	<p>Essays by Paul Graham located at http://paulgraham.com How to Present to Investors [investors.html]</p>
7	Feb 23	Testing your product and understanding the metrics that matter: examples and strategies	<p>http://www.forentrepreneurs.com/sales-funnel/</p>
8	Mar 2	How does investment work? What do they look for?	<p>Essays by Paul Graham located at http://paulgraham.com</p>
9	Mar 9	Raising capital: from friends and family to the venture capitalist.	<p>Essays by Paul Graham located at http://paulgraham.com The Hacker's Guide to Investors [guidetoinvestors.html]</p>

10	Mar 16		
		Pitch Deck presentations.	
11	Mar 23		Why You're Not Getting the Most out of Your Board, Mark Suster - http://www.bothsidesofthetable.com/2013/12/09/why-youre-not-getting-the-most-out-of-your-board/
		Reporting to a board of directors.	How to Control Your Board Discussion and Avoid Chaos. Mark Suster - http://www.bothsidesofthetable.com/2013/12/10/how-to-control-your-board-discussion-and-avoid-chaos/
12	Mar 30		Essays by Paul Graham located at http://paulgraham.com
		Startup ecosystems.	Can You Buy a Silicon Valley? Maybe. [maybe.html] Cities and Ambition [cities.html]
Final Exam	TBA by FAS		

POLICY AND PROCEDURE

Missed Tests and Assignments (including midterm examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a report of illness made by the student and documented by the physician.

Late Assignments

All assignments are due on the date specified in the course outline. Late submissions will be penalized by 20% if the assignment is late by 48 hours or less. After 48 hours late assignments will not be accepted. Class preparation will not be accepted late.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials,

please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://www.accessibility.utoronto.ca/>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore the Portal Information and Help at www.portalinfo.utoronto.ca/students and review the Frequently Asked Questions.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Class Position on Non-Disclose Agreements and Intellectual Property

Sometimes students ask to be excused from pitching a venture concept in case someone takes their idea, and/or they would like the instructor or other students to sign a non-disclosure agreement. In order to preserve an open, academic environment with the free exchange of ideas, I am not able to accommodate these requests.

In this class you are entirely responsible for protecting your own intellectual property. If there is any part of your business idea that you would not like to disclose, then you should simply not disclose it. Obviously, any material not disclosed cannot be evaluated for grading. If you are concerned about disclosing your ideas, then it would be prudent to work on someone else's venture concept during the course. Completing a business plan on another concept will enable you to develop your own more effectively and efficiently afterwards. If you have any questions about this policy, do not hesitate to ask.