



Sofaer Global MBA

1238.3666 - New Venture Creation

Note: This class will be held Live and In-Person

Prerequisites: None

2 Credits

Module 2 and Module 3 – 2020/21

Course Section Details

Section	Day	Hour	Lecturer	
Class	Tuesdays, December 14- January 31 (Module 2)	15:45- 18:30	Dr. Leslie Broudo	leslie@tauex.tau.ac.il
Class	Sundays, March 9- April 27 (Module 3)	11am – 1:45pm	Dr. Leslie Broudo	leslie@tauex.tau.ac.il
TA			Lara Portnoy	larap@tauex.tau.ac.il

Leslie's Office Hours (Recanati Room 327): By Appointment

Lara's Office Hours: By Appointment.

Overall class design: The course goal of this class is to provide tools and frameworks as well as the application of those tools and frameworks to the business's you are building. This version of this syllabus has been customized to the venture's in the class. Thus, while a session may focus on "unpacking the value chain," the subject matter may be new ventures in the sustainable protein space (in this case, the team introduced by Frank). Most of our sessions have been specifically developed to match industry with subject. Teams working in the week's industry subject matter will be expected to take the lead in class discussion having to do with the industry. The entire class will be required to apply the tools and frameworks to their venture. In most cases, the first half of each class will be lecture and discussion based on that week's reading. You must come prepared. The

second half of each class will support your team progress against the “key question” you are working on, eventually leading to the development/refinement of a financial model. Note that the reading is heavier at the beginning of the semester, as we establish a foundation and will taper off as you increasingly turn to the ventures you are building. Independent sessions will be held with teams to help ensure you are integrating frameworks and tools with industry analysis, industry insights, and your ability to execute systematically against goals.

Course Units

1 course units = 4 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

The course setting: As a student in the Sofaer Global MBA, you are expected to learn experientially as well as didactically. This class, like many others in our MBA, is a unique combination, and in this case is intended to reinforce the synthesis of tools and frameworks delivered elsewhere in the curriculum that will help ensure your professional success.

The course goal: The class will include a combination of lectures (including recent alums who previously worked through this class), large group debriefing, and small (individual team) group debriefing.

The goal of the class is to bring greater clarity and specificity to the overall business model of each venture, meaning the relationship between the value proposition and the financial model of the business (including potential alternatives).

The end result is meant to be continued greater understanding of next steps, starting with hypothesis validation (this can be in the form of the testing the financial model, customer demand, partner interest, investor interest, production capability/cost) and extending into execution where possible and relevant.

How? The design of this class is to assemble teams around the existing ventures of fellow GMBA students. Most classes will include a combination of the following:

- 1) Reading relative to a conceptual framework that connects to historical and social context
- 2) A case study for your advance preparation that we will review
- 3) Active class work on your financial model and how it relates to testing demand (sales)
- 4) Your presentations for open discussion

Course Objectives

Upon completion of the course, you will be able to relate what you are learning in terms of MBA tools and frameworks and begin to think about how you will apply them. At a step by step level, the specific frameworks we will be working from include. Note that these are iterative and will continue to be updated as you gain new data to synthesize.

- Market and industry analysis: What is changing, what is staying the same? Who are the players in the industry, and what is their relationship? How is economic value created, and who retains it?
- Competition: The definition of what you are building is often best not just stated affirmatively, but competitively. Who are you like? How are you different? Is the difference significant? To whom? The competitive analysis will aid you in more precisely defining the “white space” – i.e., what others have missed and where you can gain differentiation. Again, this is an ongoing process.
- Customer Analysis: Who is buying? What are the segments? Why are they buying from you and not someone else? What is the economic value, social value, use value ...that is driving decision-making? How can you test this? How is this changing over time?
- Product Definition: What is it? What state is it in? How much more needs to be developed to test demand? How much more needs to be developed to generate a paid trial or sale? How much time and money has already gone into developing the product? How much more needs to be developed?
- Financial Model Development: What is the unit(s) you are selling? What is the price/pricing strategy? How do product mix/target market/distribution channel/price change over time? What are the forecast COGS and Operating Expense? What has to be true for the business to generate \$5/\$10/\$20 million in sales? To become profitable? What are the alternatives?

Remember that with the financial model, as with every other framework, modeling many potentially good alternatives will help you make decisions with more clarity and confidence. Our strong recommendation is that you not just “think” about alternatives, but also map them out and map out the inter-relationship between potential changes in product, value proposition, and pricing. This therefore refers to more than just the financial model – it is the entire business model.

Assessment and Grade Distribution

Grade weight	Assignment	Requirements
50%	Bi-weekly deliverables – this will be based on the range and substance of the alternatives you develop	These deliverables will be those you prepare for the venture you are working on
25%	Class Participation	It is essential that you read each week’s reading and come prepared to discuss analytically.
25%	Final Analysis and Synthesis	It will be critical that your final insights pull together next steps and alternatives in ways that include strategy, customer acquisition, operations, and financial operations.

Course Assignments

Attendance: Effective participation includes: (1) providing insightful questions and comments on concepts from lectures and readings; (2) sharing your experience or point of view with the class; (3) building on points raised by others; (4) clarifying issues; and (5) relating ongoing topics to previous class discussions. Please keep in mind that I will base your score on the quality of your comments and not their quantity.

Should a student become unable to complete an assignment or course requirement, s/he must notify the TA of the course in advance via email

Grading Policy

As of the 2008/9 academic year the Faculty has implemented a grading policy for all graduate level courses. This policy applies to all graduate courses in the Faculty, and will be reflected in the final course grade. Accordingly, the final average of the class for this course (which is not a core course) will fall between 83-87. Additional information regarding this policy can be found on the Faculty website <https://coller.tau.ac.il/MBA-students/programs/2019-20/MBA/regulations/exams>

Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey in order to evaluate the instructor and the course for the benefit of the students and the university.

Course Site (Moodle)

The course Moodle site will be the primary tool used to communicate messages and material to students. We will also communicate updates over email.

Additional Readings

Finding Information for Industry Analysis – Porter: **This is highly recommended.**

Course Outline

Session	Date	Topic(s)	Submissions
1	Dec 15, 2020	<p>Reflecting on Yourself as a Thinker and Innovator</p> <p>Conceptual Grounding: Sentinel Intelligence: <u>Please Read in advance of the first class</u></p> <ul style="list-style-type: none"> • Hedgehog and the Fox Excerpt • Guardian- The Hedgehog and the Frog • What is the difference between Berlin’s suggestion of the “hedgehog” vs. the “fox.” How is this related to differences in understanding? How is this related to differences in decision-making? • Can you think of someone you admire who is a “fox”? Would you agree/disagree with the proposition that “mission” is critical to that person’s success? • How do you think a sense of “mission” translates into entrepreneurial success? • How would you measure your entrepreneurial success in terms of sales of the venture you are working on? 	<p><i>Please email me and Lara in advance of our first class what your venture actually is.</i></p> <p>Ventures in this class should have raised investment, generated revenue, and/or have IP. Please describe: The industry; progress to date; your anticipated next steps</p>
2	Dec 22, 2020	<p>Defining the Core Question, Identifying Assumptions, and Discovery Driven Planning</p> <ul style="list-style-type: none"> • The Checklist Manifesto (pp 1-31) Gawande • Backward Market Research, Andreasen • Discovery Driven Planning, MacMillan • Case: Chase Sapphire • Presentation: Case – IMPACT <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • What lessons can we take from Gawande’s Checklist when we think about scaling a new venture? • What is the critical insight for new venture creation related to the suggestion of backward market research? • What does MacMillan add in his suggestion of discovery driven planning and how can you port 	<ul style="list-style-type: none"> • As you consider these readings overall, focus on what assumptions you are making in the venture you are working on. <p>Building on this, plan to meet in groups in the week after class and develop the Key Question of the venture you are working on by Sunday 27 December 13:00. (Upload to Moodle)</p>

		<p>his milestone approach to what you are building?</p> <ul style="list-style-type: none"> How was the Chase Sapphire Card differentiated from competitors? How did the Chase team evaluate the new product launch? What were the trade-offs and you can you assess them in terms of segment, revenue/segment, cost of acquisition, retention and the overall fit relative to strategic positioning? 	<p>Build on the key question to try and identify the data you will use to address the question, and the methodology you will draw on.</p>
3	Dec 29, 2020	<p>Industry Analysis and Competitive Intelligence (This class will focus by industry on the digital signage industry)</p> <ul style="list-style-type: none"> Ethical Dimensions of Competitive Analysis, Porter Case: Daktronics - The Digital Signage Industry Blue Ocean Strategy: From Theory to Practice Case: EasyJet – The Web’s Favorite Airline (optional) <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> What are some of the ways you may not previously have considered to gain access to data for a competitive or industry analysis? How may this be different in a rapidly evolving market, where data may be harder to gain? What does the Daktronics case help us understand about conducting a thorough industry and competitive analysis and identifying key trends? How is this useful to a potential startup considering an entrepreneurial future in the space? Consider the sources of differentiation required for success, and how they are identified as a result of this analysis. How do the trends discussed in Daktronics might shape decision-making for a new startup in the digital signage industry? For extra perspective, the EasyJet case helps us think further about a specific startup in changing industry context. Skim this case to begin to think how EasyJet used its understanding of the changing industry to identify sources of differentiation. Consider how EasyJet consider balancing its operational challenges with focusing instead on opening new lines of business. What data could it draw on in framing and making these decisions? What are they key elements o f a blue ocean strategy? How can you begin to apply them? 	<p><u>To prepare for class:</u></p> <p>Come prepared to address the data you might use to unpack your venture’s key question. Consider what information you might need to complete your industry analysis and test your assumptions as you go forward.</p> <p>Begin to consider how you will apply a “blue ocean” strategy to evolving the basic venture you are currently working on.</p> <p>Note – you do not need to read the EasyJet case. But I think it will help you apply the tools of the blue ocean approach if you read more than one industry analysis.</p>
4	January 5, 2021	<p>Analyzing and Preparing for Changing Industry Landscapes (This class is focused by industry on promising food startups related to sustainability)</p>	<p><u>To prepare for class:</u></p> <p>Come to class having drafted as a group</p>

		<ul style="list-style-type: none"> • Case: Beyond Meat: Changing Consumer’s Meat Preferences • Case: The a2 Milk Company • Case: Tysons Foods and Alternative Proteins - Where to Invest for Profitable Growth <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • Consider the innovation and technology and consumer shift affecting the market for alternative proteins. What have been some of the drivers of change? • What were A2’s drivers of competitive advantage? How did it assess market attractiveness? Consider the firm’s scope expansion over time – how did it evolve, and what was the original foundation supporting those options? • How will Tysons make its choice as to where to invest? How have the opportunities and threats changed? 	<p>what is changing in your industry context, and the opportunity for your specific innovation. We will relate this to the “core question” you have previously drafted. Different groups will be asked to present. The goal of this exercise is to begin to understand your venture in its changing industry context, and in the context of other actors in the chain. This exercise also relates to the opportunity for revenue extraction as an entrepreneur near term and long-term.</p> <p>Read the prompts at left before getting started!</p>
5	January 12, 2021	<p>Understanding the Industry Value Chain (This class is focused by industry on change and transformation in the global remittance market, including as driven by blockchain technologies)</p> <ul style="list-style-type: none"> • Skate to Where the Money Will Be, Christensen • Case: NIUM – Leveraging FinTech to Disrupt Cross-Border Remittance Services • Case: Alibaba in Blockchain: Integrating Blockchain-based Remittances into Cloud Services • The Surprising Power of Online Experiments (optional but useful to those of you thinking about how to test key assumptions, especially for a b2c facing business) <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • Christensen suggests that the opportunity for value creation shifts in an industry’s value chain as the industry matures. This about the value chain in your business. Do you know what it is? Where your venture/solution fits? As you begin to think about where in the value chain you are focusing, think about how you might move next. • What kind of online experiments might you consider now to test some of the key assumptions surrounding the venture you are working on? How 	<p><u>To prepare for class:</u></p> <p>Come to class prepared to discuss key industry attributes and trends for the industry in which your venture is competing. Consider the different points in the value chain. Where is value being created? How might this change over time? What are the implications for how you will realize near-term value?</p> <p>Stretch question: What are the questions you might want to consider as you think about sustainable growth?</p>

		would you pre-define success, in order to measure it?	
6	January 19, 2021	<p>Non-Profit Entrepreneurship (This class focuses by industry sector on the non-profit experience - leadership, evolving leadership over time, and the ways in which mission can drive decision-making)</p> <ul style="list-style-type: none"> • The Reluctant Social Entrepreneur • Forbes, Mar 26, 2018 She Was Given Three Years to Live. So She Transformed Cancer Research • How Non-Profit Foundations Can Sustainably Fund Disease Research • Case: Kathy Giusti and the Multiple Myeloma Research Foundation <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • What is the role of personality in the non-profit? In the case of Giusti, what was the intersection of “timing” with opportunity? • What are some of the available alternatives in funding disease research? • What was the MMRF’s Operating Model? It’s path for financial sustainability and specifically its consideration of a market-based solution and a potential change in what part of the value chain it competed in? • Consider how the MMRF stopped to relate its path for sustainability with its mission as a non-profit. How is this the same or different than purely market-driven companies? 	<p><u>To prepare for class:</u></p> <p>Think about how a corporate mission related to sustainability drives purposeful and intentional action. How is this important (or not important) for you?</p>
7	January 26, 2021	<p>Funding in a Changing Landscape and the Importance of Timing in Social and Regulatory Context (This class examines by industry the marijuana industry)</p> <ul style="list-style-type: none"> • The Pipe Dream of Big Marijuana Revenues • Tilray's CEO on Becoming the First Mover in a Controversial Industry • Case Constellation Brands’ Investment in Canopy Growth – Aiming High <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • What are the 5 trend lines around Cannabis that Telray identifies? • What are some of the challenges of gaining funding in a rapidly changing industry? What does evidence (proof) look like in the challenge of gaining that funding? 	<p><u>To prepare for class:</u></p> <p>Work together as a group. Come prepared to discuss and present your team’s venture in changing industry and competitive context. Additionally, be prepared to discuss how your venture may evolve (identify 2-3 potential options if possible, based on the data you have generated).</p>

		<ul style="list-style-type: none"> • How does Telray help us think about the industry value chain, and how to extract value through integration? • How does Constellation help us think about investment from the corporate partner's perspective? 	Stretch goal: If you haven't developed a revenue model yet, this is the time to start. I will provide a template if you would like.
8	March 9, 2021	<p>Developing the Economic Model of the Business</p> <ul style="list-style-type: none"> • Case: GenapSys – Business Model for the Genome 	<p><u>To prepare for class:</u></p> <p>Be prepared to present a draft economic model of your business.</p>
9	March 16, 2021	<p>New Market Entry (This class addresses new market entry and entry strategy for an Israeli medical device manufacturer)</p> <ul style="list-style-type: none"> • Case: Zebra Medical Vision <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • What was Zebra's technological advantage and initial path to commercialization? How did this change over time? • What were the implications of ongoing technological development to Zebra's allocation of capital to different functions? 	<p><u>To prepare for class:</u></p> <p>Zebra helps us to think about a product vs. a business that is made up of many products. How do you think about – and be prepared to discuss – how your initial product idea is reflected in your narrative and the economic model of your business.</p>
10	March 23, 2021	<p>Corporate Culture and Competitive Advantage in the Context of Globalization (This class addresses by industry a new and growing Brazilian cosmetics brand)</p> <ul style="list-style-type: none"> • The End of Cultural Imperialism • Thriving in an Increasingly Digital Ecosystem, Weil • Case: Natura: Global Beauty Made in Brazil • Case: Refining Value Creation in Value Chains - The Social Side of Sustainability <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • What biases and assumptions regarding global markets can you reconsider? • Weil takes an ecosystem view and asks ventures to consider which of 4 models they aspire to (or are). Where does Natura fit? Where does the venture you are working on fit within the four options presented? Do you find this framework useful? Why or why not? • How did Natura think about making itself relevant in different geographic markets? What 	<p><u>To prepare for class:</u></p> <p>You are all global citizens, building global businesses. How do you imagine expanding your business to new markets? How will this inform branding, distribution, and your requirements for capital? How will you balance growth in your initial target market against expansion that is product-based as well as geographic in scope? Be prepared to discuss.</p>

		factors (anticipated and not) did it need to consider? What made this challenging?	
11	April 6, 2021	<p>New Models of Value Creation and Value Distribution (This class examines the changing digital rights industry)</p> <ul style="list-style-type: none"> • Case: Legal and Profitable: Spotify – The Challenges of an Online Music Streaming Service • Case: Refining Value Creation in Value Chains - The Social Side of Sustainability <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • What new insights did Spotify generate and execute against? Which were part of the general changing social and economic context? Which were addressed (or challenged) industry trends? How did they test? • As discussed in the case on Argon Oil, what is the social side of how value is created and distributed? • What are some insights we can generate about the distribution of value created? How are they the same or different when comparing Argon Oil and the Digital Rights of Musicians? • What can you identify as the challenge or tension between value creation, value distribution, and achieving corporate profitability? 	<p><u>To prepare for class:</u></p> <p>Do a reality check on the venture on which you are working? Do you really understand the value chain for the industry in which you are competing? How is it changing? How might you adapt? What are some options? How do you understand they might create ongoing barriers to entry and opportunities for differentiation, linked to profitability and firm sustainability?</p>
12	April 13, 2021	<p>Analyzing Growth Options (This class examines by industry bitcoin and crypto currencies)</p> <ul style="list-style-type: none"> • BitCoin: The Future of Digital Payments? • BitCoin: Investment or Illusion? • Beyond BitCoin: What Blockchain and Distributed Ledger Systems Mean.... <p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • What is the hype and what is the reality when it comes to blockchain? Thinking about the industry you are working on and your desire to systematically tackle each challenge, how will/can you separate? How do you gain credibility in communication when the field is changing? How does this apply to the crypto currency example? 	<p><u>To prepare for class:</u></p> <p>Bitcoin and the related market is a challenging opportunity to think about truly seismic change. As you consider the venture in which you are working, try looking out into the future. What changes can you anticipate? How does this inform decision-making?</p>
13	April 20, 2021	<p>Thinking to Exit Strategy and Seemingly Cross-Industry Mergers and Acquisitions</p> <ul style="list-style-type: none"> • What’s Next for Silicon Valley?, Gavet • Case: Amazon Buys Whole Foods 	<p><u>To prepare for class:</u></p> <p>It is too early to think about exits, but really it’s not! Think about</p>

		<p><u>As you read, consider the following:</u></p> <ul style="list-style-type: none"> • Consider what key trends are forecast by Gavet. Do these inform your new venture plans? Consider which ones you resonate with and which ones do or do not. • Consider the Amazon and Whole Foods Case- consider how changes in the industry (in this case manufacturers and growers has implications for changing landscapes across previously separate industries). • How can you think like a “hedgehog” (or a “fox”) to see opportunities before they appear? What is the usefulness of the blue ocean strategy discussed at the beginning of this class? 	<p>where your venture might exit. What are the supporting industry trends? What data supports your preliminary conclusion? What will be the milestones to success? And what are some alternatives, as you prepare for different scenarios? How does (how should) this inform the decisions you are taking now?</p>
14	April 27, 2021	<p>Final Presentations and Debriefs</p> <p>We will debrief:</p> <ul style="list-style-type: none"> Your Core Question The Data You Drew On The Hypotheses You Generated The Methodology You Used The Frameworks You Applied The Conclusions You Made The Decisions You Are Taking Each of Your Expressions of Teamwork and Leadership 	<p>We expect to debrief your success stories at Graduation</p>

Required Reading

There are generally 3 readings required for each of the first 6 classes – an article and two case studies, all listed by session date in the table above. Cases are from HBS, MIT Sloan, and Stanford Publishing. In addition, you will need to read analyses related to the intended industry of your Fellowship for your final class deliverable.

Recommended Reading

I often recommend reading biographies of historically great leaders. One of my favorites is Peter the Great by Robert Massie. Please share your favorites with me and your class colleagues. Sharing literature is a great way to expand our intellectual diversity.

Addendum: Research Topics of Potential Interest