

### COURSE INFORMATION

Course title:	Growing and Exiting a Venture		
Course code:	BAEN 502	Credits:	1.5
Session, term, period:	2021W1, Period 7	Class location:	HA 435
Section(s):	001	Class times:	Tue/Thur 8:00 – 10:00 am
Course duration:	Nov 1 – Dec 1, 2020	Pre-requisites:	N/A
Division:	Entrepreneurship	Co-requisites:	N/A
Program:	MBA		

### INSTRUCTOR INFORMATION

Instructor:	Blair Simonite	Office location:	Meetings via Zoom
Phone:	604-723-4788	Office hours:	By appointment
Email:	Blair.simonite@ubc.ca		

### COURSE DESCRIPTION

Who should sit on your advisory board? How do you structure employee contracts for employees 5 to 50? How do you build a scalable sales process that allows you to achieve sustainable growth? These questions and many more are critical to answer as you look to take your venture to the next level. Whether you are a co-founder, a manager, an employee, or another stakeholder, in this course you will shift your focus from survival, to planning and executing growth strategies. Your goal is to help the organization overcome the many hurdles ahead, successfully scale up for growth considering new products, markets, geographies, and customers, and to potentially prepare for exit.

Growing & Exiting a Venture is the completing chapter of the MBA Entrepreneurship Track, and is the natural progression from Tech Entrepreneurship and the Entrepreneurship Project you may have completed over the summer. But these are not prerequisites; this course is also for students in other tracks who have an interest in the management challenges facing ventures as they grow and mature beyond the early stages. Entrepreneurial thinking and spirit are assets to any organization, no matter the size or stage.

### COURSE FORMAT

This course is participative and activity-based, and operates much like a real management team environment. Like a real business, it requires engagement for success.

### LEARNING OBJECTIVES

By the end of this course, students will be able to:

1. Recognize and address the challenges and risks involved in growing an early stage venture.
2. Apply practical, industry-relevant models and tools to build and evolve execution plans that will further the growth path of the venture.
3. Assess and influence the human factors such as leadership and culture that are critical for successful company growth.
4. Plan for the practicalities of preparing a company for future exit.

## ASSESSMENTS

### Summary

<u>Component</u>	<u>Weight</u>
Class participation	20%
Individual assignment	40%
Team Project	40%
Total	100%

### Details of Assessments

Assessments of class participation will be based on the level of participation quality. Consider the class as a management meeting where you engage and contribute your relevant experience, insights, and questions with appropriate professional courtesy. Quality pertains to the relevance, insight and clarity of your remarks, questions, and presentations. Participation that would be judged well in a management team environment will earn high participation grades in class.

The individual assignment will consist of an early-stage growth company scenario for your analysis and recommendations. Further details will be provided in class.

The team project will be your analysis and growth/exit plan for a real world organization from your own experience – if it is your own startup, so much the better. (Students may request a case organization be provided if they do not have an appropriate organization from their experience). Working in teams you will create a practical and executable plan that could be presented to that organization. The project outcome will be in the form of a presentation to executive management. As would be the case in the business world, you'll be assessed on the quality and completeness of your plan, as well as on your ability to communicate it.

## LEARNING MATERIALS

### Required Reading

**Start-ups That Last**, R Gulati, A DeSantola, (Mar 2016, HBR R1603C)

**Link: Steve Blank blog – What do I do now, the startup lifecycle**

<https://steveblank.com/2015/02/12/what-do-i-do-now/>

**The Entrepreneur's Path to Global Expansion**, W. Kuemmerle, (Winter 2005 MIT Sloan SMR160)

**CASE: Innocent Drinks**, Sahlman Nov 24, 2004, HBS 9-805-031

**Scaling a Startup – Pacing Issues**, T. Eisenmann (Nov 2011 HBS 9-812-099)

**Scaling a Startup – People and Organizational Issues**, T. Eisenmann & A.B. Wagonfeld (Feb 2012 HBS 9-812-100)

**Why Entrepreneurs Don't Scale**, J Hamm, (Dec 2002, HBR R0212J)

**Posted on Canvas: Strategies for Managers Working within Founder's Syndrome Organizations**, Jessica Shortall (*Social Enterprise Associates, Jan 2007*)

**Link: BDC Study - Advisory Boards: An Untapped Resource for Businesses**

[https://www.bdc.ca/EN/Documents/analysis\\_research/bdc\\_study\\_advisory\\_boards.PDF](https://www.bdc.ca/EN/Documents/analysis_research/bdc_study_advisory_boards.PDF)

**Financing Entrepreneurial Ventures**, W.R. Kerr, R. Nanda, J. McQuade, (*Sep 2014 HBP Entrepreneurship 8072*)

**Selling and Marketing in the Entrepreneurial Venture**, F.V. Cespedes, (*Sep 2014 HBP Entrepreneurship 8086*)

**The End of Solution Sales**, B. Adamson, M. Dixon, N. Toman, (*Jul-Aug 2012 HBR R1207C*)

**Posted on Canvas: Legal Due Diligence, Closing the Deal**, Espresso Capital

**CASE : GeBBS Healthcare Solutions: Did You Ever Have to Make Up Your Mind?**, J. Lerner, S. Bernstein, A. Leamon, R. Sessa (*Dec 2019 HBS 9-820-041*)

### *Recommended Readings*

**The Hard Thing About Hard Things – Building a Business When There are no Easy Answers**, Ben Horowitz (Harper Collins 2014)

**The Challenger Sale – Taking Control of the Customer Conversation**, M Dixon and B Adamson (Portfolio, Nov 2011)

**Lean Analytics – Use Data to Build a Better Startup Faster**, A. Croll, B. Yoskovitz, (O'Reilly 2013)

**Attracting Talent and Building Ecosystems**, L.M. Applegate, Carole Carlson, (*Sep 2014 HBP Entrepreneurship 8068*)

**Startup Boards – Getting the Most Out of Your Board of Directors**, B. Feld and M. Ramsinghani (Wiley, Dec 2013)

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### COURSE-SPECIFIC POLICIES AND RESOURCES

#### *Missed or late assignments*

Late submissions will not be accepted and will receive a grade of zero.

#### *Academic Concessions*

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](https://webforms.sauder.ubc.ca/academic-concession-rhlee) <https://webforms.sauder.ubc.ca/academic-concession-rhlee>. If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

## POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

### *Attendance*

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on the transcript.

### *COVID-19 Policies for Attendance & Academic Concessions:*

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health’s [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

If a student is required to self-isolate (e.g., while waiting for test results), they should follow the steps above (stay home, email instructor(s) and program manager, submit an [Academic Concession Request & Declaration Form](#), and follow BC Health Guidance.

Students who are required to quarantine, should get in touch with their Program Manager to discuss the possibility of academic concessions for each impacted course. The Program Manager will work closely with your instructors to explore options for you to make up the missed learning.

### *COVID-19 Safety in the Classroom:*

**Masks:** Masks are **required** for all indoor classes, as per the BC Public Health Officer orders. For our in-person meetings in this class, it is important that all of us feel as comfortable as possible engaging in class activities while sharing an indoor space. For the purposes of this order, the term “masks” refers to medical and non-medical masks that cover our noses and mouths. Masks are a primary tool to make it harder for COVID-19 to find a new host. You will need to wear a medical or non-medical mask for the duration of our class meetings, for your own protection, and the safety and comfort of everyone else in the class. You may be asked to remove your mask briefly for an ID check for an exam, but otherwise, your mask should cover your nose and mouth. Please do not eat in class. If you need to drink water/coffee/tea/etc, please keep your mask on between sips. Students who need special accommodation are asked to discuss this with the program office.

**Seating in class:** To reduce the risk of COVID-19 transmission, please sit in a consistent area of the classroom each day. This will minimize your contacts and will still allow for the pedagogical methods planned for this class to help your learning.

Visit the following website for the most recent updates regarding COVID-19 protocol on campus: <https://students.ubc.ca/campus-life/returning-to-campus>

### *Punctuality*

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

### *Electronic Devices*

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

### *Citation Style*

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

## UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

### *Respect for Equity, Diversity, and Inclusion*

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

### *Academic Integrity*

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if

the matter is referred to the President’s Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

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All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

**ACKNOWLEDGEMENT**

UBC’s Point Grey Campus is located on the traditional, ancestral, and unceded territory of the xwməθkwəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

**COURSE SCHEDULE**

(Subject to change with class consultation)

Class	CLASS TOPICS	READINGS & PREPARATION
1	<p><u>Growth Strategy</u>  <b>Choosing fundamental growth strategies</b></p> <ul style="list-style-type: none"> <li>- Strategic choices for growing your venture</li> <li>- In-class case: Innocent Drinks – choosing strategic growth alternatives</li> </ul>	<p><b>Startups That Last – How to scale your business</b></p> <p><b>Steve Blank Blog: What do I do now, the startup lifecycle</b>  <a href="https://steveblank.com/2015/02/12/what-do-i-do-now/">https://steveblank.com/2015/02/12/what-do-i-do-now/</a></p> <p><b>Entrepreneur’s Path to Global Expansion</b></p> <p><b>CASE: Innocent Drinks</b>  <b>Read the case before class, and consider the company’s strategic growth alternatives in light of the factors that have allowed the company to succeed thus far. In class you (in groups) will debate choosing an alternative.</b></p>

<p>2</p>	<p><u>Pace &amp; Pitfalls</u></p> <p><b>Pace &amp; growth strategy</b></p> <ul style="list-style-type: none"> <li>- Early stage growth &amp; early stage pitfalls</li> <li>- In-class scenario: ESS. In this management meeting you must make choices that involve pace, in a real-world scenario.</li> </ul>	<p><b>Scaling a Startup - Pacing Issues</b></p> <p><b>Scaling a Startup – People &amp; Organizational Issue</b></p> <p><b><u>Posted on Canvas</u></b> <b>Before class: review ESS Cash Forecast &amp; briefing note, for use in class.</b></p>
	<p><b>Introduction to individual assignment: Culture &amp; Growth</b></p>	<p><b><u>Readings relating to the assignment:</u></b></p> <ul style="list-style-type: none"> <li>• <b>Why Entrepreneurs Don't Scale</b></li> <li>• <b><u>Posted on Canvas:</u></b> <b>Strategies for Managers working within Founder's Syndrome Organizations</b></li> </ul>
<p>3</p>	<p><u>Boards and Shareholders</u></p> <p><b>Real-world board decision making</b></p> <ul style="list-style-type: none"> <li>• Decisions by management, shareholders, and the board</li> <li>• Shareholder agreements in action</li> <li>• In-class activity: BookerTech board meeting</li> </ul> <p><b>Draft team lists for team project due.</b> <b>Final team lists confirmed at end of week by instructor</b></p>	<p><b><u>Posted on Canvas</u></b> <b>Before class, review for use in class:</b></p> <ul style="list-style-type: none"> <li>• <b>Briefing note for the board meeting</b></li> <li>• <b>BookerTech SHAG (Shareholder agreement)</b></li> </ul>
<p>4</p>	<p><u>Building Boards</u></p> <p><b>How to build boards</b></p> <ul style="list-style-type: none"> <li>- Building advisory boards and boards of directors, and their evolution</li> <li>- In-class activity: evaluate your team's venture board.</li> <li>-</li> </ul> <p><b>Individual assignment due – Monday Nov 16 midnight</b></p>	<p><b><u>Posted on Canvas (for your reference):</u></b> <b>BDC Article on Advisory Boards</b> <a href="https://www.bdc.ca/EN/Documents/analysis_research/bdc_study_advisory_boards.PDF">https://www.bdc.ca/EN/Documents/analysis_research/bdc_study_advisory_boards.PDF</a></p>

5	<p><u>Compensation in the Growth Startup</u> <b>Compensating, incenting and aligning employees</b></p> <ul style="list-style-type: none"> <li>• Forms of compensation</li> <li>• Stock options deep dive</li> <li>• Time permitting activity: real-world stock option plan</li> </ul>	<p><b>Posted on Canvas</b> <b>Before class, review for use in class:</b></p> <ul style="list-style-type: none"> <li>• <b>Briefing note for the stock option activity</b></li> <li>• <b>Booker Technologies Stock Option Plan</b></li> </ul>
6	<p><u>Non-dilutive Financing</u> <b>Non-dilutive financing alternatives for growth</b></p> <ul style="list-style-type: none"> <li>- Focus on non-dilutive financing – debt, government and customer funding. Structures, covenants, pros and cons.</li> <li>- In-class activity: A debt term sheet and your recommendation to the board</li> </ul>	<p><b>Financing Entrepreneurial Ventures</b></p> <p><b>Posted on Canvas:</b> <b>Before class: review posted “Debt Term Sheet Sample”, and “Debt Term Sheet questions for students”, for use in class.</b></p>
7	<p><u>Executing Growth - Sales</u> <b>The fundamentals of sales execution for growth</b></p> <ul style="list-style-type: none"> <li>- Sales models, designing &amp; scaling the sales organization</li> <li>- The sales funnel</li> <li>- Managing with sales metrics</li> </ul>	<p><b>Selling and Marketing in the Entrepreneurial Venture</b></p> <p><b>The End of Solution Sales</b></p>
8	<p><u>Sales Systems for Growth</u> <b>Systematic methods for achieving revenue growth objectives</b></p> <ul style="list-style-type: none"> <li>- <b>Guest speaker</b> – the science of sales and marketing</li> <li>- Time permitting discussion: sales strategy decision making</li> </ul>	
9	<p><u>Real-world Exits for Growth Companies</u></p> <ul style="list-style-type: none"> <li>- <b>Guest speaker</b> – this CEO shares the experience of his company’s exit</li> <li>- In-class activity: your company has a strategic investment offer – then due diligence issues emerge.</li> </ul>	<p><b>Posted on Canvas:</b> <b>Legal Due Diligence &amp; Closing the Deal</b></p> <p><b>Before class: review posted Due Dili Briefing Note, for use in class</b></p>



10	<p><u>Exits and Management Challenges</u></p> <ul style="list-style-type: none"> <li>- <b>In-class case: GeBBS Healthcare.</b> Read <b>the case before class</b>, and consider the company's exit alternatives. In class you (in groups) will choose a path forward and defend it.</li> </ul>	<p><b>Case – GeBBS Healthcare Solutions: Did You Ever Have to Make Up Your Mind?</b></p>
Wk 6	<p><u>Team Project presentations.</u> Presentation schedule will be confirmed in class. Mandatory for all students to attend all presentations.</p>	