

COURSE INFORMATION

Course title:	Growing and Exiting a Venture		
Course code:	BAEN 502	Credits:	1.5
Session, term, period:	2023W1, Period 7	Class location:	HA 435
Section(s):	001	Class times:	Tues/Thurs 8:00 – 10:00 am
Course duration:	Oct 31 – Dec 7, 2023	Pre-requisites:	N/A
Division:	Entrepreneurship	Co-requisites:	N/A
Program:	MBA		

INSTRUCTOR INFORMATION

Instructor:	Mike Gardner		
Phone:	604-908-7424	Office location:	HA351 or Zoom
Email:	mike.gardner@ubc.ca	Office hours:	By appointment

COURSE DESCRIPTION

How do you build a scalable sales process that allows you to achieve sustainable growth? Who should sit on your advisory board? How do you structure employee contracts for employees 5 to 50? 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)

The Mom Test, Rob Fitzpatrick, (Apr 2021)

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*)

Ten Ways to Create Shareholder Value, A Rappaport, (Sep 2006, HBR R0609C)

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

Why Johnny can't Brand, Bill Scheley & Carl Nichols Jr. (Portfolio, 2005)

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

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

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](#). 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](#).

Code Plagiarism

Code plagiarism falls under the UBC policy for [Academic Misconduct](#). Students must correctly cite any code that has been authored by someone else or by the student themselves for other assignments. Cases of "reuse" may include, but are not limited to:

- the reproduction (copying and pasting) of code with none or minimal reformatting (e.g., changing the name of the variables)
- the translation of an algorithm or a script from a language to another
- the generation of code by automatic code-generations software

An “adequate acknowledgement” requires a detailed identification of the (parts of the) code reused and a full citation of the original source code that has been reused.

Students are responsible for ensuring that any work submitted does not constitute plagiarism. Students who are in any doubt as to what constitutes plagiarism should consult their instructor before handing in any assignments.

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL [DO NOT MODIFY]


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.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

At UBC Sauder, we are committed to responsible business practices that can have transformative impacts on society. One of the ways we are reinforcing our commitment to responsible business is by showcasing relevant content in our courses via the lens of the [United Nations Sustainable Development Goals](#). In this course, we will touch on topics that relate to the following goals:

Sustainable Development Goal	Description of how and when the goal is covered in the course.
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<p>Goal 3: Good Health and Well-being</p> 	<p><i>Ensure healthy lives and promote well-being for all at all ages</i></p> <p>In Class 2, Pace and Pitfalls we’ll be talking about how an organization should respond to financial challenges. Decisions made during these times of potential crisis in organizations impact both the economic and mental wellbeing of individuals.</p>
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<p>Goal 5: Gender Equality</p> 	<p><i>Achieve gender equality and empower all women and girls</i></p> <p>In Class 3 we'll be discussing Board structures and how we need to ensure we are including diversity into our plans and organizational structures.</p>
<p>Goal 9: Industry, Innovation and Infrastructure</p> 	<p><i>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</i></p> <p>Throughout this course we will be focused on issues of growth, and ensuring that we are responsibly growing healthy organizations that are built to last and are built to keep supporting global economies.</p>

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.

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 [DO NOT MODIFY THIS PARAGRAPH]

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.

Use of Artificial Intelligence

Generative AI Permitted Where Specified With Attribution

For this course, students may use generative artificial intelligence (AI), including ChatGPT, for specific assessments or coursework, where it is expressly specified by the instructor. In these cases of permitted use, students must disclose any use of AI-generated material as per the assessment guidelines.

COPYRIGHT

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 x^wməθk^wəyəm (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>Exit Models and Growth Strategy</u></p> <p>Aligning Exit models with fundamental growth strategies</p> <ul style="list-style-type: none"> - Exit models and opportunities - Strategic choices for growing your venture - In-class case: Innocent Drinks – choosing strategic growth alternatives 	<p>Startups That Last – How to scale your business</p> <p>Entrepreneur’s Path to Global Expansion</p> <p>CASE: Innocent Drinks 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.</p>
2	<p><u>Pace & Pitfalls</u></p> <p>Pace & growth strategy</p> <ul style="list-style-type: none"> - Early stage growth & early stage pitfalls - The Value Trap - In-class scenario: ESS. In this management meeting you must make choices that involve pace, in a real-world scenario. 	<p>Scaling a Startup - Pacing Issues</p> <p>Scaling a Startup – People & Organizational Issue</p> <p><u>Posted on Canvas</u> Before class: review ESS Cash Forecast & briefing note, for use in class.</p>
	<p>Introduction to individual assignment: Growth and Exits – growing with intent</p>	<p><u>Readings relating to the assignment:</u></p> <ul style="list-style-type: none"> • Why Entrepreneurs Don’t Scale • Posted on Canvas: Strategies for Managers working within Founder’s Syndrome Organizations

3	<p><u>Boards and Shareholders</u> Real-world board decision making</p> <ul style="list-style-type: none"> • Decisions by management, shareholders, and the board • Shareholder agreements in action • In-class activity: BookerTech board meeting <p>Draft team lists for team project due. Final team lists confirmed at end of week by instructor</p>	<p>Ten Ways to Create Shareholder Value – HBR</p> <p>Posted on Canvas Before class, review for use in class:</p> <ul style="list-style-type: none"> • Briefing note for the board meeting • BookerTech SHAG (Shareholder agreement)
4	<p><u>Building and aligning Boards and staff.</u> How to build boards</p> <ul style="list-style-type: none"> - Building advisory boards and boards of directors, and their evolution - Compensating and incenting employees - Stock options and the Value Trap revisited - <p>Individual assignment due – Monday Nov 13 midnight</p>	<p>Posted on Canvas (for your reference): BDC Article on Advisory Boards https://www.bdc.ca/EN/Documents/analysis_research/bdc_study_advisory_boards.PDF</p>
5	<p><u>Product Market Fit and The Big 8</u> The essential tests before you pour on the growth capital</p> <ul style="list-style-type: none"> • What is Product Market Fit • The Big 8 Hypothesis test • What are we testing vs where are we going and growing 	<p>Read: The Mom Test</p> <p>Steve Blank Blog: What do I do now, the startup lifecycle https://steveblank.com/2015/02/12/what-do-i-do-now/</p>
6	<p><u>Financing, dilutive and non-dilutive</u> Non-dilutive financing alternatives for growth</p> <ul style="list-style-type: none"> - Focus on non-dilutive financing – debt, government and customer funding. Structures, covenants, pros and cons. - Dilutive financing structures and how they impact exits - Speculative value financing 	<p>Financing Entrepreneurial Ventures</p> <p>Posted on Canvas: Before class: review posted “Debt Term Sheet Sample”, and “Debt Term Sheet questions for students”, for use in class.</p>
7	<p><u>Executing Growth - Sales</u> The fundamentals of sales execution for growth</p> <ul style="list-style-type: none"> - Sales models, designing & scaling the sales organization 	<p>Selling and Marketing in the Entrepreneurial Venture</p> <p>The End of Solution Sales</p>

	<ul style="list-style-type: none"> - The sales funnel: how and why do sales occur, and how predictability drives exit value 	
8	<p><u>Sales Systems for Growth</u> Systematic methods for achieving revenue growth objectives</p> <ul style="list-style-type: none"> - Guest speaker – the science of sales and marketing - Time permitting discussion: sales strategy decision making 	
9	<p><u>Real-world Exits for Growth Companies</u></p> <ul style="list-style-type: none"> - Guest speaker – this Advisor shares the experience of his company’s exit - In-class activity: your company has a strategic investment offer – then due diligence issues emerge. 	<p>Posted on Canvas: Legal Due Diligence & Closing the Deal</p> <p>Before class: review posted Due Dili Briefing Note, for use in class</p>
10	<p><u>Exits and Management Challenges</u></p> <ul style="list-style-type: none"> - In-class case: GeBBS Healthcare. Read the case before class, and consider the company’s exit alternatives. In class you (in groups) will choose a path forward and defend it. 	<p>Case – GeBBS Healthcare Solutions: Did You Ever Have to Make Up Your Mind?</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>	