

## 15.389 Global Entrepreneurship Lab (G-Lab)

Syllabus published August 31, 2007; H2 readings (pages 15-19) revised October 29, 2007

Fall 2007, IAP 2008, and one day in Spring 2008

Section A: Tuesdays/Thursdays, 2:30-4:00pm, E51-335

Section B: Tuesdays/Thursdays, 4:00-5:30pm, E51-335

### Faculty:

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### Course Assistant:

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### TAs:

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### Course Websites:

Stellar: <http://stellar.mit.edu/S/course/15/fa07/15.389/>

External: <http://g-lab.mit.edu/>

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### Course Goals

Entrepreneurship in the 21<sup>st</sup> century is evolving. Because of global changes in technology, communications, and capital markets, today's innovative startups are building successful companies in countries around the globe, in many instances with investors, vendors, customers, and employees located thousands of miles away. The challenges these leading-edge companies face, particularly in emerging markets, are some of the most sophisticated issues both for businesses and governments alike.

These challenges are the focus of G-Lab.

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### **G-Lab has four specific goals:**

- 1) To familiarize students with the issues and challenges facing global entrepreneurs.
- 2) To provide students with an intensive internship experience working in a “global” startup.
- 3) To familiarize students with the power of informal networks and the importance of leveraging MIT-related and other networks while working globally. In addition to helping you deliver a better product to your host companies, learning to use a rich set of informal networks effectively is a powerful personal resource as well.
- 4) To offer high-quality advice for global companies. We would like MIT Sloan to become the first place that global startups look for advice and help. This is an important goal for you, MIT, and all future generations of MIT students.

### **Course Design and Expectations**

G-Lab is both a course and a collaboration: a partnership between MIT Sloan and entrepreneurial companies facing real challenges throughout the world. MIT and Sloan’s reputations are very much at stake here. Future students will only get this kind of opportunity if G-Lab continues to provide value to everyone involved.

Please note that faculty and other advisors to the course have devoted considerable time and resources in finding appropriate projects. This includes assessing whether there is a good fit between what you can contribute and what the entrepreneurs need. As a result, both sides have invested heavily in this relationship.

Please regard everything we ask you to do as a work assignment (i.e., as if from an employer) rather than as a course requirement. Everything in this course is designed to help you work effectively with your projects. There is no make-work or irrelevant material; all of the requirements have been designed solely to help you and your team be effective. If you need more content on any issue, talk with us and we will make sure you get what you need, as quickly and easily as possible. Moreover, if there is anything that you do not understand about the course structure and requirements, please speak with the faculty.

### **Course Requirements**

The requirements for the course and the contribution of each towards the final grade are as follows.

<u>Component</u>	<u>Individual vs. Team</u>	<u>Contribution to Final Grade</u>	<u>Deadline</u>
1) 2 Case Write-ups (2 @ 10%)	Individual	20%	The night before the case is discussed in class
2) Class Participation (based on in-class contributions and feedback from your host company)	Individual	25%	Ongoing, throughout the course
3) Project Workplan	Team	15%	Workplan due to faculty by Oct. 18; sign-off from your host company by Nov. 1

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4) Remote (MIT-based) Internship and Interim Research Report	Team	20%	Report due to faculty by Nov. 27 and to your host company by Dec. 11
5) On-site Internship, Final Research Report, and Poster	Team	20%	Presentation to your host company at the end of the on-site internship; report due to faculty by Feb. 8; poster due Feb. 11

These course requirements are described in more detail below.

### 1) *Case Write-ups*

The case write-ups should be no more than three double-spaced pages (750 words). You may choose any two cases to analyze. Submit each write-up via Stellar on the night *before* the case is to be discussed. These are individual assignments; please write up the case on your own, not with your team.

The write-ups are intended to be analytical discussions of some issue central to the case. Please do not write a summary of the case or repeat case facts except to bolster your argument. Based on the information provided in the case materials, please be analytically critical and evaluative. You should propose alternate managerial views and action plans whenever appropriate and discuss the relevance and applicability of the frameworks proposed in the readings and lectures. In short, you should write what you think of the situation in the case and not merely what the author of the case says.

### 2) *Class Participation*

Participation in class and small-group interactions, combined with feedback from your host company, will account for 25 percent of the grade. We will cold-call students throughout every session. Attendance at and preparation for every class is expected. Please talk to us if you need to miss a class. We are willing to consider any reasonable explanation for why you can't attend class, but each unexplained absence reduces your grade by 5 percent. **Missing 3 classes, breakout sessions, or group meetings during class hours with faculty or outside advisors constitutes an automatic failure of the course.**

There will also be an intra-team evaluation at the end of IAP. In other words, you get to say who did the work.

### 3) *Project Workplan*

We will post the list of potential host companies and projects on the G-Lab external site during September. Each team will have a faculty member serving as the advisor for all aspects of the project. It is your team's responsibility, however, to negotiate and manage all aspects of the work plan and the project.

After your team has been matched with a host company, you will make contact, begin building the relationship, and discuss the project. Based on those discussions, your team will create a detailed workplan outlining the project scope, deliverables and milestones. Examples of past workplans may be found on the Stellar site.

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Your team will submit the workplan on **October 18** for faculty review. Once your faculty advisor has given you feedback, you will incorporate the feedback into a revised workplan and obtain your host company's sign-off by **November 1**.

### 4) *Remote (MIT-based) Internship and Interim Research Report (IRR)*

Your team will undertake a great deal of preliminary research and analysis on your project during the fall. The IRR will provide an overview of your team's work from two primary perspectives:

- a) A process-based summary of team activity, including benchmarking against your project workplan and reporting on overall project status.
- b) A substantive interim report on your project focus. You should provide an overview of the analytical frameworks you are employing and a summary of the research and analysis your team has completed while working remotely from MIT. This summary should include any relevant country, industry, and company analysis useful to your internship.

Your team will submit the IRR on **November 27** for faculty review. Once your faculty advisor has given you feedback, you will incorporate the feedback into a revised IRR and submit it to your host company by **December 11**.

### 5) *On-Site Internship and Final Research Report*

The internship goal is for your team to work professionally on-site with senior management and staff as effective consultants. Your team must be all together, on-site, for a minimum of three consecutive weeks (Monday-Friday). As in any professional endeavor, you are to deliver analysis, advice and recommendations that are value-add, appropriate, and immediately useful to your company. You will make a formal presentation to your company at the end of your onsite internship and provide them with supporting written analysis and data as appropriate. You will deliver a copy (or summary) of your company deliverables to your team advisor upon your return to MIT.

The final report is due on **Friday, February 8, 2008**. The final written report should demonstrate your understanding of the company, its comparative strengths and weaknesses, and your project focus. In addition, you should integrate material relevant to the four goals of G-Lab, as outlined on pages 1-2 of this syllabus. For example, what specific issues does the company face because of where it is located? How exactly did you add value? How exactly have you added to your network of contacts? You should also provide reasonable forecasts for the future of the company, given your projections of the relevant macroeconomic and microeconomic environment. The final report should be 20 double-spaced pages of text (approximately 5000 words), plus any tables and appendices that help the reader.

One required appendix is the Resource Report, which is your team's compilation of all relevant resources on which you relied to get your project done efficiently. This will include not just bibliographical and standard research and trade industry data, but practical, networking and/or entrepreneurial resources you drew on. We will discuss the Resource Report and its content in class.

**Note:** In past years, outstanding teams have prepared their final report in a form that can be used effectively as a teaching case in MBA classes. We encourage this approach but do not

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require it. If your team would like to write its report as a case, please speak to your faculty advisor for approval.

### 6) *G-Lab Day*

We will hold a major G-Lab event on **Monday, February 11, 2008, 11am-2pm**. This will be open to the entire MIT community and is intended to highlight and publicize your work. Every team must prepare a poster and staff a presentation position during this event. It will be widely advertised and you should expect considerable interest, scrutiny, and questions.

### Logistics and Teamwork

G-Lab will entail extensive team work. You need to build a team with diverse and complementary skills. This is the key to success in your internship. Think carefully about the people you want to work with (and even temporarily live with) and how you will allocate responsibilities within your team. We will help you as much as possible, but ultimately team selection and operation is your responsibility. This activity is not graded directly, but it will have a major effect on your performance throughout the course.

#### 1) *Team Formation process:*

- To facilitate team building, please register and **post your resumes** on Stellar (<http://stellar.mit.edu/S/course/15/fa07/15.389/>) no later than **September 13**. Your resume should be titled "lastname\_firstname" and be posted in the Resumes folder. We need your resumes in order to send them to your host company after the match, and you may need them as you form your team.
- **Teams should be formed of students in the same section.** This is to ensure that every team can meet together for 90 minutes twice a week, without anyone missing.
- On September 20th, one week before bid forms are due, there will be an in-class mixer to give you an opportunity to find or complete your team.
- Please note that most of the questionnaires include a section asking for **required or requested skillsets** or background, including language. As you review questionnaires, bear in mind the requirements that the host companies have laid out. They will carry great weight in the match process.

#### 2) *Bidding and Match process:*

- You can access and browse the list of potential host companies and projects by logging into the G-Lab external site, <http://g-lab.mit.edu/>. (See page 1 above for login details.)
- The postings consist of questionnaires that have been prepared and submitted by the host companies. They contain substantial background information on the projects and the proposed focus for a G-Lab team. Each project is under the supervision of one of the G-Lab faculty; there may also be additional project advisors. Each project will also report directly to one TA.
- If you have questions regarding the proposed project, please request that the appropriate faculty or TA contact the host company. **You should not contact any company until matching is complete.**

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- After a thorough review of all projects, your team should begin ranking its preferred projects. As noted above, where host companies have laid out skill requirements or requests, faculty will give great weight to those requests.
- On your hard-copy bidding form, your team will rank 3 projects in order of preference. You will also submit copies of your resumes, as well as a short persuasive statement summarizing the strengths and merit of your bid requests.
- The match process is confidential, and conducted by the faculty. Their decisions are final. Historically, a high percentage of teams are matched with their first or second choice.
- **Dates:** Bid forms are available Monday, September 17. Forms must be submitted in hard copy on Thursday, September 27. Results will be announced and emailed on Tuesday, October 2.

### 3) *Post-Match process (teamwork during the fall):*

- After the match process is complete, your team will be notified which host company you have been matched with. Your team should send its acceptance of your project immediately by return email. We will then forward your resumes to the host company, and give them the same opportunity to accept your team. As soon as we notify you that your host company has accepted your team, you should set up your initial call and commence work with them.
- Each team will work with a specific faculty member as an advisor to the team on both substantive and procedural issues. Your team will also be supported by one of the TAs. Your team will meet with its advisor periodically over the fall, usually biweekly, to measure and monitor progress. Meetings may be scheduled during designated class time or outside of class.
- While your advisors will remain available to you, your team will own its relationship with the host company, and will be responsible for negotiating and managing all aspects of the work plan and the project, during the fall and IAP.
- Please note that **no team has an automatic right to travel** to the internship in January. The internship must be earned through diligent and appropriate presentation. A “go/no go” decision will be made by faculty in December. As in past years, some teams may in fact not travel.

### Other Important Points

Stellar should be monitored closely. It is continuously updated by the TAs and will be the primary source of information for the course.

Overheads and handouts will be posted on Stellar in the Materials section. Please check regularly and particularly before each class. All the materials for each class should be posted the evening before class, but please check for late-breaking items posted before noon on the day of class.

Office hours will primarily take place during the scheduled class periods (i.e., Tuesday 2:30-5:30 and Thursday 2:30-5:30) and by appointment. In addition:

- Richard Locke: Wednesdays, 2:30-5:00
- Shari Loessberg: to be announced

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- Jonathan Lehrich: Mondays, 2:00-5:00
- Yasheng Huang: Mondays, 4:00-6:00
- Ken Morse: to be announced

### **Course Credit**

G-Lab is a 12-credit course. You will receive a “T” grade at the end of the Fall semester for the course. This is a continuation grade that appears for MIT administrative purposes. A final grade will be applied at the end of the Spring semester when you have completed all work. You must complete all the work in the fall, IAP and February to receive credit. Partial credit is not given.

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### Schedule of Classes and Assignments

**Readings for each session are available either on Stellar or in the Course Packet, as indicated below.** You are responsible for all **cases** and **required readings**. Check Stellar for updates – you are responsible for any required reading posted by 6:00 pm on the evening preceding a class. We will keep last-minute reading to an absolute minimum.

#### Part I: The Global Environment for Entrepreneurship

##### **Thursday, Sept. 6: Course Overview and Introduction**

1. Introduction to course purpose, structure, and faculty.
2. Entrepreneurship in emerging markets.

*Readings:*

#### REQUIRED

French, Howard W. and Lydia Polgreen. 2007. “Entrepreneurs from China Flourish in Africa.” *The New York Times*, Late Edition – Final, August 18, Foreign Desk, Sect A1. (*Stellar*)

McMillan, John and Christopher Woodruff. 2002. “The Central Role of Entrepreneurs in Transition Economies.” *Journal of Economic Perspectives*, Vol. 16 (3): 153-170. (*Stellar*)

Baumol, William. 1990. “Entrepreneurship: Productive, Unproductive, and Destructive.” *Journal of Political Economy*, Vol. 98(5):893-921. (*Stellar*)

#### RECOMMENDED

Polgreen, Lydia and Howard W. French. 2007. “China’s Trade in Africa Carries a Price Tag.” *The New York Times*, Late Edition – Final, August 21, Foreign Desk, Sect A1. (*Stellar*)

##### **Tuesday, Sept. 11: Issues for Entrepreneurs in Developing Markets**

Certain institutions have been shown to be central for the healthy development of entrepreneurial ventures. Most countries, however, possess suboptimal versions of most, if not all, of those institutions. These institutional shortcomings translate directly into structural barriers for entrepreneurship. Entrepreneurs must find ways around structural barriers, and do so in often creative ways.

LIVE CASE: Live discussion with Leila Velez, Beleza Natural (*tentative*).

*Readings:*

#### CASE (REQUIRED)

Beleza Natural: Choosing the Right Growth Model - MIT Case (*Stellar*)

#### REQUIRED

Wilson, Dominique and Roopa Purushothaman. 2003. “Dreaming with BRICs: The Path to 2050.” Goldman Sachs, Global Economics Paper No. 99 (*Stellar*)



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Acemoglu, Daron; Simon Johnson and James A. Robinson. 2005. "Institutions as a Fundamental Cause of Long-Run Growth." Chapter 6 in Aghion, Philippe and Steven N. Durlauf (Eds). *Handbook of Economic Growth, Volume 1A*. (*Stellar*). **Read Section 1 (Introduction), skim sections 5 and 6, and read section 8.**

### RECOMMENDED

World Bank. 2007. "Doing Business 2007: How to Reform. Comparing Regulation in 175 Economies." (*Stellar*)

World Bank. 2007. "Doing Business in Brazil." (*Stellar*)

### Thursday, Sept. 13: Resumes posted on Stellar

### Thursday, Sept. 13: How Entrepreneurial Companies Respond to Corruption

India is widely acknowledged to have one of the most corrupt business environments in the world. Yet a number of entrepreneurs have built up successful businesses and have pursued an explicitly ethical strategy. Infosys is one of the most interesting examples.

#### Readings:

#### CASE (REQUIRED)

Infosys in India: Building a Software Giant in a Corrupt Environment – HBS Case # 9-707-030 (*Course Packet*)

#### Study Questions:

1. How did Infosys manage to grow in this corrupt environment?
2. What were the minimum conditions for an ethical firm to remain ethical in a corrupt environment?
3. Does ethical entrepreneurship pay in a corrupt environment? How do you make it pay?

#### REQUIRED

Fisman, Raymond. 2001. "Estimating the Value of Political Connections." *American Economic Review*, Vol. 91(4):1095-1102. (*Stellar*)

#### RECOMMENDED

Kaufmann, Daniel, Aart Kraay, and Massimo Mastruzzi. "Governance Matters V: Aggregate and Individual Governance Indicators for 1996-2005." World Bank. (*Stellar*)

### Monday, Sept. 17: G-Lab bidding forms available on Stellar

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### Tuesday, Sept. 18: Opportunities amid Extreme Unpredictability

How do emerging markets differ from developed markets for entrepreneurs? What challenges and opportunities are the same? Which are different? How and why and to what degree? How do those answers change over time as markets become more established? Using the example of post-Soviet Russia, we will examine several live cases of success and failure by entrepreneurs in Russia in the last 15 years to better understand the critical differences inherent in “doing a start-up in a start-up country.”

**Guest Speaker:** William Shor, CEO, Core Carbon Group.

*Readings:*

#### REQUIRED

##### Russia 1995

1. “Krasny Oktybr offering: Risk Factors,” Confidential Offering Memorandum, Dated July 18, 1997. New York, NY: Brunswick Securities, Inc. (*hard copies distributed in class 9/13*)
2. Review the McMillan & Woodruff article previously assigned for class on 9/6, especially the section on “Entrepreneurs’ Strategies.” McMillan, John and Christopher Woodruff. 2002. “The Central Role of Entrepreneurs in Transition Economies.” *Journal of Economic Perspectives*, Vol. 16 (3): 153-170. (*Stellar*).

##### Frontier Markets:

1. “Renaissance Capital Led \$300 Million Equity Offering By Nigeria’s United Bank For Africa.” Renaissance Capital - News and Press Releases. 18 April 2007. <http://www.rencap.com/eng/about/news.asp?ID=247> (*Stellar*).
2. Prince, Todd. "Renaissance Capital founder Jennings plans to double investment in Africa." Business Report 31 May 2007. 13 Sept. 2007. <http://www.busrep.co.za/index.php?fSectionId=570&fArticleId=3858930>. (*Stellar*).

##### Russia 2008

1. Introduction to Carbon Market: [www.pointcarbon.com](http://www.pointcarbon.com); Read in particular “Carbon ABC” material (including relevant links to “Kyoto Protocol” and “Flexible Mechanisms”) at <http://www.pointcarbon.com/Research%20&%20Advisory/article.php?articleID=6138&categoryID=364>;

*After familiarizing yourself with market jargon:*

2. Review CCG Overview presentation (*Stellar*).
3. Review [www.corecarbongroup.com](http://www.corecarbongroup.com)

#### RECOMMENDED:

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### Russia 1995

1. Granville, Christopher and Alexey Zabotkin. "Lessons of a Decade." Russia: Equity Strategy. United Financial Group and Deutsche Bank. 5 September 2005. <http://equities.research.db.com>. (*Stellar*).

### Russia 2008

1. Review <http://unfccc.int> (UN website on carbon market): focus on "Essential Background" tab
2. Tsepliaeva, Julia and Anastasia Levashova. "Russia: the middle class" Emerging Markets Economics & Strategy: Russia & CIS. Merrill Lynch, Pierce, Fenner & Smith Inc. 29 Aug. 2007. (*Stellar*).

### Study Questions:

#### Russia 1995

The "Risk Factors" in this reading are part of a prospectus given to investors buying stock in a Russian candy company in 1995. Assume you are in an entrepreneur in that bleak operating environment. Which risk factors listed would be most challenging to building your start-up company? What other risks not listed here as investment risks might an entrepreneur face as well?

#### Frontier Markets:

Although its founder is now a billionaire and Renaissance Capital is not at all a start-up any longer, essentially these press releases announce a strategy of new market entry and internationalization. New Market Entry is the most common type of project that teams work on in G-Lab. How would you begin the process of assessing and analyzing how (and whether) Renaissance Capital should take its business model to Africa?

#### Russia 2008

The CCG Overview deck is a slightly redacted version of the firm's actual presentation which it uses to market to potential investors. As you review the CCG Overview deck, assume you are a potential investor listening to a pitch. Think about the critical political, economic, infrastructure and legal aspects of this kind of business. What questions and challenges do you have for our guest that relate specifically to the risks of building this company in Russia? What kind of data or evidence would be necessary to persuade you to invest in CCG?

### Thursday, Sept. 20: Team-building Mixer

Each section will have an informal mixer, in which students with similar interests can meet one another and create G-Lab teams.

#### Readings:

Browse the list of host companies on the G-Lab external site (<http://g-lab.mit.edu/>) and the resumes of students in your section on the Stellar site.

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### Tuesday, Sept. 25: How the Government Shapes the Entrepreneurial Environment

Entrepreneurship in Shanghai: getting the story right about the competitiveness of China.

*Readings:*

#### REQUIRED

Huang, Yasheng. 2007. "Why is entrepreneurship missing in Shanghai?" Paper prepared for the National Bureau of Economic Research pre-conference on "International Differences in Entrepreneurship," Cambridge, Massachusetts, May 11, 2007. Second Draft. (June). (*Course Packet*)

*Study Questions:*

1. What kind of entrepreneurship is most important for countries like China?
2. Should the government have an industrial policy to foster technological development?
3. What are the pros and cons of FDI in terms of growing indigenous entrepreneurship?

### Thursday, Sept. 27: G-Lab bidding forms due in class

### Thursday, Sept. 27: Legal Environments and IP Protection

Property rights, IP protection, and other legal institutions have often been cited as indispensable elements for innovation and entrepreneurship in an economy. What can entrepreneurial firms do in environments where such legal protection is lacking?

LIVE CASE: Live discussion with Luis Derechin, JackBe

*Readings:*

#### CASE (REQUIRED)

Red Flag Software Co., HBS Case # 9-706-428 (*Course Packet*)

#### REQUIRED

JackBe background reading (*Stellar*)

MacFarquhar, Larissa. 2007. "Bag Man: Cracking Down on Fashion Fakes." *The New Yorker*, Vol.VV: 126-137. (*Stellar*)

McMillan, John and Christopher Woodruff. 2000. "Private Order under Dysfunctional Public Order." *Michigan Law Review*, Vol. 98(8): 2421-2458. (*Stellar*)

#### RECOMMENDED

Johnson, Simon; John McMillan and Christopher Woodruff. 2002. "Property Rights and Finance." *American Economic Review*, Vol.92(5):1335-1356. (*Stellar*)

McMillan, John and Christopher Woodruff. 1999. "Dispute Prevention Without Courts in Vietnam." *Journal of Law, Economics and Organization*, Vol. 15(3): 637-658. (*Stellar*)

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### Part II: The Challenges Facing Entrepreneurial Firms

#### **Tuesday, Oct. 2: Company matches announced**

#### **Tuesday, Oct. 2: Working in a G-Lab Project**

Using a G-Lab case from 2004-05, we'll look at G-Lab projects from the inside, focusing on issues of process, client management, and team dynamics. We'll end the class by discussing the match acceptance process and how you should begin working with your host company.

*Readings:*

CASE (REQUIRED)

Compsis at a Crossroads – MIT Case (*Stellar*)

*Study Issues and Questions*

In addition to the questions posed at the end of the case, please consider the following.

1. Imagine that you're Ailton and you're applying to host a G-Lab team. What should be the team's project scope?
2. Now imagine you're on the G-Lab team. How will you set out to complete the project?
  - What will you do?
  - Whom will you talk to?
  - What information is missing, and how will you get it?
  - What challenges do you anticipate and how will you prepare for them?

#### **Thursday, Oct. 4: Life Sciences Overview, Biotech Entrepreneurship**

In this class, Professor Fiona Murray will speak about biotech companies in emerging markets. We traditionally think of the biotech industry as being dominated by firms in the US and, to a lesser extent, in Europe. However biotech firms are emerging in growing numbers in non-traditional locations including India, China, Brazil and even Cuba. In this class we will examine how these companies develop and actually take advantage of or circumvent the various institutional differences in their nations in institutions such as intellectual property, public research and healthcare.

**Guest Speaker:** Professor Fiona Murray, MIT Sloan School.

*Readings:*

CASE (REQUIRED)

Biocon – MIT Case (*Stellar*)

*Study Issues and Questions*

1. Should Biocon add the Clinegene division?
2. If they were able to raise significant capital does this investment make the most sense?
3. What other investments might they consider as part of their growth?

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### REQUIRED

Marcela Ferrer, Halla Thorsteinsdóttir, Uyen Quach, Peter A Singer & Abdallah S Daar. 2004. “The scientific muscle of Brazil's health biotechnology.” *Nature Biotechnology* 22, DC8 - DC12. (*Stellar*)

Nandini K Kumar, Uyen Quach, Halla Thorsteinsdóttir, Hemlatha Somsekhar, Abdallah S Daar & Peter A Singer. 2004. “Indian biotechnology—rapidly evolving and industry led.” *Nature Biotechnology* 22, DC31 - DC36. (*Stellar*)

**Tuesday, Oct. 9: NO CLASS (Columbus Day observed)**

### **Thursday, Oct. 11: Internationalization**

For a variety of reasons, including size or maturity of their home market, entrepreneurial firms in emerging markets must go abroad for growth opportunities. While economically sensible, such incursions entail significant challenges, quite distinct from those faced by traditional multinational corporations. How should start-ups internationalize? What are the risks and opportunities?

*Readings:*

### CASES (REQUIRED)

Spoletto Culinaria Italiana. – MIT Case (*Stellar*)

Color/9 – Tatitos – MIT Case (*Stellar*)

### REQUIRED

Ramamurti, Ravi and Jitendra V. Singh. 2007. “Generic Strategies of India’s Emerging Multinationals.” Paper prepared for the Northeastern University-Wharton School conference on “Emerging Multinationals from Emerging Markets” held at Northeastern U., Boston, MA. June 22-23, 2007. **Read all the sections between and including “Emerging Indian Multinationals” and “Pathways for Strategy Migration.”** (*Stellar*)

**Tuesday, Oct. 16: Team Meetings**

Team meetings with faculty advisors.

**Thursday, Oct. 18: Team workplans due in class**

**Thursday, Oct. 18: You Are Not Alone**

Mechanisms and networks firms use to circumvent environmental weaknesses.

LIVE CASE: Live discussion with *Endeavor*

**Guest speakers:** Laura Esnaola, Entrepreneur Services, Endeavor

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Cindy Ko, VP, International Expansion, Endeavor.

*Readings:*

### REQUIRED

Endeavor background reading (*Stellar*)

El-Qorchi, Mohammed. 2002. "The Hawala System." *Finance and Development*, 39(4). (*Stellar*)

McMillan, John and Christopher Woodruff. 1999. "Interfirm Relationships and Informal Credit in Vietnam." *Quarterly Journal of Economics*, Vol 114(4):1285-1320. (*Stellar*)

Saxenian, AnnaLee. 2006. *The New Argonauts: Regional Advantage in a Global Economy*. Cambridge, MA. Harvard University Press. (*Stellar*) **Read Introduction, Chapter 7, Chapter 8.**

**Oct. 23 and 25: NO CLASS (SIP)**

**Tuesday, Oct. 30: Research Methods; Team Meetings**

1. Library research: techniques and resources (Alex Caracuzzo of Dewey Library).
2. Team meetings with faculty advisors. Note: Some teams will meet during class times, others outside of class. TAs will work with the teams to schedule meetings.

**Thursday, Nov. 1: Teams obtain and submit workplan sign-offs from host companies**

**Thursday, Nov. 1: Global Sales Strategies for Ambitious Entrepreneurs**

This class will cover the sales and marketing challenges faced by startup companies in emerging markets. We will use the case from a Sales and Marketing perspective; it is NOT necessary to read the financials in the case. The discussion will be about global sales strategies for a startup.

*Readings:*

### CASE (REQUIRED)

Spotfire: Managing a Multinational Start-Up – HBS Case # 9-899-078 (*Course Packet*)

*Study Issues and Questions:*

1. The Company's original plan was to sell their data visualization tools to a wide range of industries. Spotfire received their first (A) round of venture capital funding from a Swedish VC firm to pursue the "horizontal" marketing plan.
2. Spotfire started as an idea in a project in a university lab. They had no business plan, no business people, and no customers. Somehow they got funded. Why? Would you have funded them?

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3. Chris approached every potential customer in Sweden he could think of and asked them to “buy” his prototype. This early stage market activity is something akin to “throwing spaghetti against the wall until it sticks.”
  - What kind of potential customers would “buy” from an engineer like Chris?
  - Does such early market testing work in the part of the world where your host company is located?
4. Subsequently the company changed its strategy initially to focus on only one industry (“vertical marketing”).
  - What was the original decision making unit (DMU) for the horizontal sales strategy?
  - Why did they change their strategy?
  - Which industry did they select? Why?
  - Who suggested the change in strategy? Why?
  - What is the DMU today?
5. The Company moved their headquarters from Göteborg to Boston/Cambridge while retaining the software development operations in Göteborg. Whose idea was that? Why? What are the dynamics around software development operations in high cost countries?
6. In the life of a high tech startup company with global ambitions when is the right time to recruit someone like Rock? What does it take to make the relationship successful?
7. Some tips on how to think about Sales and Marketing Research on behalf of your host company.

### **Tuesday, Nov. 6: Being an Entrepreneur**

This session will consist of a panel discussion with several entrepreneurs from different emerging markets. The goal of this session is familiarize you with the key challenges and major opportunities entrepreneurs face trying to build start-ups in several of the countries G-Lab teams will visit.

*Readings:*

REQUIRED

Endeavor GLAB Company Descriptions (*Stellar*)

### **Thursday, Nov. 8: Team Meetings**

Team meetings with faculty advisors.

### **Tuesday, Nov. 13: Entrepreneurial Finance**

Early Stage Finance in G-Lab Markets:

For better or worse, the venture capital model of early stage investment is the gold standard for startup companies. This session provides some basic tools in understanding that process and the criteria by which professional investors evaluate potential investments.



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The first section of class will consider the investment case for VoiceSearch, an early stage Indian startup currently seeking venture capital investment from local and international investors. Discussion will use basic VC frameworks in evaluating the company as a potential investment and in analyzing its value proposition and optimal business model. Assuming the role of a VC in India, you will then make the case for or against your firm investing in VoiceSearch. The emphasis in class will be on understanding the critical benchmarks and decision points in the VC investment process, not on the Indian value-added services telephony market. Accordingly, please emphasize general business and market issues rather than overly technical assessments in your preparation.

The class will also touch on other sources of funding that are available in G-Lab markets, and strategies for advising your host companies on how to pursue those different sources.

Manik Arora, MBA '03, and founder and managing director of IDG Ventures India, will join the class for the investment case discussion for VoiceSearch, as well as to discuss strategies on how you can best advise your host companies on attracting outside investment.

### *Readings:*

#### REQUIRED

“VoiceSearch Powerpoint Presentation” (*Stellar*): This deck is a live business plan recently submitted to IDG Ventures India. (Names have been changed and confidential information omitted.) While there is no executive summary, this is an early stage voice recognition company that has developed its own IP to be able to understand multiple languages and accents across the very diverse Indian population. It is considering multiple channels and partners to commercialize its technology.

“Indian Wireless Market Overview,” IDG Ventures India Powerpoint presentation. (*Stellar*) A high level introduction to the wireless market in India generally. Skim for background purposes.

“Indian Mobile VAS Market, SSKI.” (*Stellar*) This analyst report provides an overview of the value-added services market for Indian wireless telecoms. **Read pages 1-16.**

Manik Arora bio page (*Stellar*)

<http://www.idgvcindia.com>. Please review in particular the **firm’s philosophy** in “about us” and the **firm’s recipe for business plan submission** under the “business plan” page. (*Stellar*)

### *Study Questions:*

For questions 1-5, assume you are a venture capitalist considering an investment in VoiceSearch:

1. Broadly, what are the merits and the risks of this company?
2. Based on the market and company data provided to you, as well as your own experience, how do you assess the strength of the:
  - a. Founding team?
  - b. Potential of the target market(s)?
  - c. Competition?

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3. One of VoiceSearch's primary challenges will be to decide how to commercialize its technology and optimize its business model. Of the various channels, partners, applications and service offerings listed in the plan, which would you recommend that the company prioritize? Why?
4. Given the very early stage of the company, how might you structure your investment to maximize your ability to incent the company and shape the direction of its development? What kinds of terms or tranches of investment might make sense in this case?
5. As an investor, what else would you like to know?

For your own host companies:

6. How does your company fund its capital requirements? How do you expect that to change over the next 3-5 years?
7. How do you think an investment in a startup in India by an Indian VC differs from VC deals done in the US? Other G-Lab markets? What kinds of workarounds do you expect professional investors use?

### Thursday, Nov. 15: Team Meetings

Team meetings with faculty advisors.

### Tuesday, Nov. 20: Commercialization; Investigation and Analysis

Emerging technologies are often useful for several different markets and types of customers. Because of a variety of constraints, entrepreneurs must decide which of those markets to target first, knowing that the decision could be the difference between firm success or failure. How should they choose their target market? As a G-Lab team, how do you attack such a problem, and what data do you use to make recommendations?

*Readings:*

CASES (REQUIRED)

Making SMaL Big: SMaL Camera Technologies - HBS Case # 9-603-116 (*Course Packet*)

HTS-110: Breaking Ground or Digging a Hole? – MIT Case (*Stellar*)

RECOMMENDED

Christensen, Clayton M., Scott D. Anthony, Gerald Berstell and Denise Nitterhouse. 2007. "Finding the Right Job for Your Product." *Sloan Management Review*, Vol. 48(3): 38-47. (*Stellar*)

### Thursday, Nov. 22: NO CLASS (Thanksgiving)

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**Tuesday, Nov. 27: Draft Interim Research Reports due at 4:00PM in HARDCOPY to Laura Gay (E52-580) and ELECTRONICALLY to Faculty Advisor(s) and TA**

### **Tuesday, Nov. 27: Team Meetings**

Team meetings with faculty advisors.

### **Thursday, Nov. 29: Team Meetings**

Team meetings with faculty advisors.

### **Tuesday, Dec. 4: Organizational Development and Human Resource Management**

Developing and scaling the organization, hiring and retaining the right people and other challenges of success.

*Readings:*

CASE (REQUIRED)

Internet Securities, Inc.: Building a Business in Turbulent Times (A) – HBS Case # 9-398-007 (*Course Packet*)

RECOMMENDED

Wipro Technologies (A) – HBS Case # 9-301-043 (*Course Packet*)

Rai, Sharita. 2005. “Outsourcers Struggling to Keep Workers in the Fold.” *NYT* article, November 12, 2005 (*Stellar*)

James N. Baron, Michael T. Hannan and M. Diane Burton. 2001. “Labor Pains: Organizational Change and Employee Turnover in Young, High-Tech Firms.” *American Journal of Sociology*, 106(4):960-1012. (*Stellar*)

The Economist. 2007. “Capturing Talent.” *The Economist*. August 18<sup>th</sup>-24<sup>th</sup> 2007. (*Stellar*)

M. Diane Burton. 2001. “The Company They Keep: Founders’ Models for Organizing New Firms.” Pp. 13-39 in Claudia B. Schoonhoven and Elaine Romanelli (Eds.), *The Entrepreneurship Dynamic: Origins of Entrepreneurship and the Evolution of Industries*. Stanford, CA: Stanford University Press. (*Stellar*)

### **Thursday, Dec. 6: Best Practices Overview**

We will begin by running through a checklist of logistics and questions to ask yourself before you leave. We will then turn to a panel of G-Lab alumni for a view from the trenches on the G-Lab onsite internship, with a focus on common pitfalls and traps. We will reserve significant time for Q&A.

**Guest Speakers:** G-Lab alumni (*to be announced*)

*Readings:* None.

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**Tuesday, Dec. 11: Teams submit interim research reports to host companies**

**Tuesday, Dec. 11: Building Trust**

Pulling it all together? Building trust in a challenging environment.

*Readings:*

REQUIRED

Locke, Richard M. (2001). "Building Trust," Presented at Annual Meetings of the American Political Science Association, San Francisco, CA, USA (September 1). (*Stellar*)

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### **Part III: The Internship and Final Reports**

#### **Jan. 1 – Feb. 1, 2008: G-Lab Internship**

Your internship will take place during at least three weeks of IAP 2008 (**January 1 – February 1, 2008**). All four team members must be together, on-site, throughout the internship.

You will make a formal presentation to your company at the end of your onsite internship and provide them with supporting written analysis and data as appropriate.

<b>Friday, Feb. 8:</b>	<b>Final Research Reports and Copy or Summary of Company Deliverables due at 4:00PM in <u>HARDCOPY</u> to Laura Gay (E52-580) and <u>ELECTRONICALLY</u> to Faculty Advisor(s) and TA</b>
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During February, teams will meet with the faculty to present their reports: the process, the findings, and the lessons learned.

<b>Monday, Feb. 11:</b>	<b>Teams prepare posters on their projects</b>
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#### **Monday, Feb. 11: G-Lab Poster Session**

We will hold a major G-Lab event on **Monday, February 11, 2008, 11am-2pm**, in Ting Foyer (E51). Every team must prepare a poster and staff a presentation position during this event. Most of the attention will be between 11:30 and 1:00; you may set up before lunch and break down afterwards.

You get to showcase what you did and why, for the entire MIT community. The poster session will be widely advertised and you should expect considerable interest, scrutiny, and questions.

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### Summary of Assignment Deadlines

- Thursday, Sept. 13: Resumes posted on Stellar
- Thursday, Sept. 27: G-Lab bidding forms due in class
- Tuesday, Oct. 2: Company matches announced
- Thursday, Oct. 18: Team workplans due in class
- Thursday, Nov. 1: Teams obtain and submit **workplan** sign-offs from host companies
- Tuesday, Nov. 27: **Draft Interim Research Reports due at 4:00PM in HARDCOPY to Laura Gay (E52-580) and ELECTRONICALLY to Faculty Advisor(s) and TA**
- Tuesday, Dec. 11: Teams submit **interim research reports** to host companies
- Friday, Feb. 8: **Final Research Report and Copy or Summary of Company Deliverables due at 4:00PM in HARDCOPY to Laura Gay (E52-580) and ELECTRONICALLY to Faculty Advisor(s) and TA**
- Monday, Feb.11: Teams prepare **posters** on their projects and submit electronic copies to faculty

### Course Requirements

<u>Component</u>	<u>Contribution to Final Grade</u>	<u>Deadline</u>
2 Case Writeups (2 @ 10%)	20%	Immediately prior to class on the day the case is discussed in class
Project Workplan	15%	To faculty by Oct. 18; sign-off from your host company by Nov. 1
Remote Internship and Interim Research Report	20%	Report due to faculty by Nov. 27; to your host company by Dec. 11
On-site Internship and Final Research Report	20%	Presentation to your host company at the end of the on-site internship; report due to faculty by Feb. 8
Class Participation (based on in-class contributions and feedback from your host company)	25%	

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