Entrepreneurial Founding and Teams
15.394 -- MIT SLOAN SCHOOL OF MANAGEMENT
SPRING 2018
Tuesdays and Thursdays 4:00pm – 5:30pm

Instructors:
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Office Hours:

Canvas Link:

COURSE INTRODUCTION

In order to be successful, an entrepreneur and their founding team must not only be able to create and deliver value to a segment of customers, but also must be able to build an effective organization in order to sustainably do so. The course centers on the key organizational and strategic decisions in founding and building a new venture. It aims to inform students on the trade-offs and consequences of these early decisions on the founders, their team, and the venture's performance and to equip them with tools to navigate these complex organizational challenges more effectively. Though the primary decision maker in the course will be a member of the founding team, the perspective of early-hires and investors will also be taken to understand the broader implications of the founder's decisions on the venture.

The course is a complement to *New Enterprises* (15.390) and *Entrepreneurial Strategy* (15.911), as well as the entrepreneurship courses and activities in the broader MIT Sloan and Trust Center ecosystem. This course is designed to be particularly appropriate for those considering:

- Founding a new venture
- Joining an early-stage start-up
- Evaluating start-ups (and founding teams)

The course is highly interactive. It combines lecture, case analyses, and direct engagement with start-up founders and their teams. The course is divided into three parts:

1) **Co-Founding a Venture:** What is it actually like to be a founder? How should you choose a co-founder? Is there a correct way to split equity and craft a founders' agreement? How do these decisions affect how a potential VC evaluates your venture?

2) **Building an Early Team:** How should an early-stage venture approach sequencing early hires? How do you effectively build out a team? How do you determine if a startup is a good fit for you to join? How do you build an organizational culture?

3) **Growing Your Venture:** How do you manage outside investors and board? How do your values affect company decisions? How should you handle hires that don't scale? When decisions go wrong, how can you course correct? When and how will you leave your company?

COURSE REQUIREMENTS AND GRADING

Class & Group Participation (40%)

- **Class Participation (20%).** The most valuable way to engage with the topics in this course is through active discussion. In advance of each session, students are expected to prepare the assigned readings. Study questions will be posted on Canvas in the lecture folder assigned for each session at least a week in advance. Attendance and constructive contribution to course discussion will be factored into your participation grade.

- **Pre-Class Surveys (10%).** For selected sessions, a pre-class survey will be posted on Canvas at least a week in advance in the lecture folder assigned for that session. It is the responsibility of each student to complete the survey by 5PM the night prior to the respective session.

- **360 Group Evaluation (10%).** Students will form project groups in the course. Each group member will be evaluated by the other group members at the end of the semester. Evidence that group work has been unevenly completed will count against the class participation grade.

Individual Case & Discussion Memos (3 x 10% = 30%)

- Students are required to submit four two-page (12-point font, double-spaced) memos during the semester. Discussion questions for each will be posted on Canvas at least a week in advance in the lecture folder assigned for each session. The memos should be uploaded to Canvas by 5PM the night prior to the respective session. To be fair to all students, late penalties will be assessed and memos will not be accepted after the respective course discussion.

Group Project (30%)

- Project groups (3-5 students each) will develop a mini case study on a venture highlighting founding and early-team dilemmas, drawing on the themes in the course, to demonstrate how a venture tackled these difficult decisions and the subsequent implications for their firm. Teams should use primary sources (e.g., founder interviews, Y Combinator applications, public pitch decks), while complementing with secondary sources, to build the case and support their analysis. Team are responsible for informing interview subjects that information disclosed will be shared publicly with the course. Students are not allowed to use their own ventures and should avoid well-worn examples (e.g., Uber).

   Cases should provide sufficient background on the founders and/or the early-stage team and the venture, identify and analyze key organizational challenges the venture faced, and pinpoint broader lessons for the class. The final deliverable will be a 5-minute video which will be viewed and debriefed in the final class sessions. Grading will reflect both the depth of analysis and ability to effectively communicate key takeaways. Creativity is not only welcome, but encouraged.

   The faculty and TA are available to meet with groups throughout the semester to support the development of these projects.

- **Deadlines & Deliverables:**

   Project Update I (3%): March 15, 5pm
   - Submit a brief update to Canvas listing your group members, the venture you plan to utilize as the basis for your case study, the topic(s) you will address, and your plan forward (e.g., interview schedule). This need not be more than a paragraph.

   Project Update II (9%): Apr 22, 5pm
   - Submit a two-page overview of your case study to Canvas. Highlight learnings to date and identify any areas with which you are still investigating for the final video. An appendix may be included with supplementary materials (e.g., founder's agreement, venture timeline, organizational chart, culture deck).

   Video Case (18%): May 13, 5pm
   - Submit your five to seven minute video mini-case study to Canvas. Please contact the TA with any technical questions.
   - A separate appendix should be included with references and supplementary materials (e.g., founder's agreement, organizational chart, culture deck).
   - In fairness to all groups and to facilitate timely feedback, please adhere to the 5-minute limit as well as the submission deadlines. Late penalties will be applied.

Course Summary Schedule

Tentative & Subject to Change

TUESDAYS	THURSDAYS
February 5th: **Introduction & Overview**	February 7th: **Panel Discussion: Founders' Perspectives**
February 12th: **Co-Founding a Venture: Choosing Co-Founders**	February 14th: **Co-Founding a Venture: Deciding on Founder Roles**
February 19th: Presidents Day, no class	February 21st: **Co-Founding a Venture: Splitting Equity**
February 26th: **Co-Founding a Venture: Building Co-Founder Relationship**	February 28th: **Co-Founding a Venture: Having Difficult Conversations**
March 5th: **Building an Early Team: Sourcing First Hires**	March 7th: **Building an Early Team: Joining A Startup**
March 12th: **Building an Early Team: Understanding Early Employee Motivations**	March 14th: **Building an Early Team: Hiring Perspectives**
March 19th: Sloan Innovation Period, no class	March 21st: Sloan Innovation Period, no class
March 26th: Spring Break, no class	March 28th: Spring Break, no class
April 2nd: **Building an Early Team: Defining Values**	April 4th: **Building an Early Team: Setting Messaging**
April 9th: **Building an Early Team: Building Organizational Structure I**	April 11th: **Building an Early Team: Building Organizational Structure II**
April 16th: Patriots Day, no class	April 18th: **Building an Early Team: Firing**
April 23rd: **Building an Early Team: Coaching Your Team**	April 25th: **Building an Early Team: Making Decisions Under Uncertainty**
April 30th: **Growing Your Venture: Choosing Your Investors**	May 2nd: **Growing Your Venture: Managing Your Board**
May 7th: **Growing Your Venture: Leaving Your Company**	May 9th: **Growing Your Venture: Reflecting On The Entrepreneurial Journey**
May 14th: **Presentations**	May 16th: **Presentations & Course Wrap Up**