



Class attendance, participation and presentation:

20%

**Course Materials:**

Readings:

Joseph Schumpeter, *The Theory of Economic Development*, 1961, and "The Process of Creative Destruction," in *Capitalism, Socialism, and Democracy*, 1976.

Alvin Klevorick, Richard Levin, Richard Nelson, and Sidney Winter, "On the Sources and Significance of Interindustry Differences in Technological Opportunities," *Research Policy*, 1995.

Scott Shane, "Prior Knowledge and the Discovery of Entrepreneurial Opportunities," *Organization Science*, 2000.

Lowell Busenitz and Jay Barney, "Differences between Entrepreneurs and Managers in Large Organizations," *Journal of Business Venturing*, 1997.

D.K. Sarasvathy, Herbert Simon, and Lester Lave, "Perceiving and Managing Business Risks: Differences Between Entrepreneurs and Bankers," *Journal of Economic Behavior and Organization*, 1998.

Wayne Stewart, Warren Watson, Joann Carland, and James Carland, "A Proclivity for Entrepreneurship: A comparison of Entrepreneurs, Small Business Owners and Corporate Managers," *Journal of Business Venturing*, 1998.

Alberta Charney and Gary Libecap, "The Economic Contribution of Entrepreneurship Education: An Evaluation of the Berger Program," forthcoming, *International Journal of Entrepreneurship Education*.

Stanley Rich and David Gumpert, "How to Write a Great Business Plan," *Harvard Business Review*, July August 1997.

Ernst and Young LLP, "Outline for a Business Plan: A Proven Approach for Entrepreneurs Only," 1997.

Christine Letts, William Ryan, and Allen Grossman, "Virtuous Capital: What Foundations Can Learn From Venture Capitalists," *The Entrepreneurial Venture*, Harvard Business School Press, 1999.

Alice Oberfield, J. Gregory Dees, "Starting a Nonprofit Venture," *Harvard Business School Press*, 1999.

Robert Lowe, "The Role and Experience of Start-Ups in Commercializing University Inventions: Start-Up Licensees at the University of California," in Gary Libecap, ed, *Advances in the Study of Entrepreneurship, Innovation and Economic Growth*, 13, 2001.

Source Material:

Gregory Dees, Jed Emerson, and Peter Economy, *Strategic Tools for Social Entrepreneurs*.

Case Studies:

*Howard Schultz and Starbucks Coffee Company*, HBS reprint  
*Next Stage Entertainment*, Stanford University reprint

*Karl Eller, Stanford University reprint*

*Pyramid Block Technologies, Inc.*

*Super Servicio, LLC*

*Optica Technologies, Inc.*

*Casa Sin Fronteras*

*X-Celeration, Inc.*

## **Class Schedule:**

Class 1, October 28, Gary Libecap:

**ENTREPRENEURSHIP!—CONCEPTUAL ISSUES IN SOCIAL AND COMMERCIAL ENTREPRENEURSHIP.**

What is entrepreneurship—commercial and social? Is everyone an entrepreneur? Are inventors entrepreneurs? How critical is it for an economy? What forces or institutions promote entrepreneurship? Oppose it? Why would entrepreneurs be opposed? What is the role of culture? What individual characteristics describe entrepreneurs? What ethical issues are involved? Why should MBA students be interested in entrepreneurship as a phenomenon? What types of organizations and what settings benefit from entrepreneurial activities: individuals, private firms, socially-aware organizations?

The essence of individual risk taking in a market as opposed to mandated government economic policies.

Class 2, October 30, Gary Libecap:

**ENTREPRENEURSHIP IN ECONOMIC HISTORY AND ECONOMIC DEVELOPMENT.**

Reading summary due at start of class: Joseph Schumpeter, The Theory of Economic Development and “The Process of Creative Destruction,” in Capitalism, Socialism, and Democracy.

Discussion of Schumpeter, American economic history. Mixed views of 19<sup>th</sup> century entrepreneurs. Many unknown entrepreneurs; active patenting activity near major access to markets; economies of agglomeration; frontier economy; new opportunities; few established patterns; promotion in the Constitution; Robert Fulton—adaptation of steam power for water transportation; Francis Lowell—organization and use of water power in textile mills. Later in the 19<sup>th</sup> century, well-known entrepreneurs—Rockefeller, Carnegie, Frick, Swift, Armour. Innovation in technology, organization, finance, products. Multiple dimensions. Scale. Successful. Controversial—the “Vital Few,” “Robber Barons.” 20<sup>th</sup> century entrepreneurship—adoption of new technology, such as electricity and other forms of energy. Disruption of WWI, WWII. Post war slow down in US productivity growth—large protected industries, unions, regulation

pervasive. Growth of US productivity by early 1990s coincides with deregulation and tax reform; Silicon Valley.

Class 3, November 4, Gary Libecap:

**CHARACTERISTICS OF ENTREPRENEURIAL INDUSTRIES and FIRMS.**

Reading summary due at start of class: Klevorick, Levin, Nelson, and Winter, "On the Sources and Significance of Interindustry Differences in Technological Opportunities" and Scott Shane, "Prior Knowledge and the Discovery of Entrepreneurial Opportunities."

Discussion of Klevorick, Levin, Nelson, and Winter and Scott Shane. What kinds of firms and industries are more likely to be innovative? How can existing firms be made more innovative and competitive? Are you doomed if you are in a "mature" industry?

Class 4, November 6, Gary Libecap:

**CHARACTERISTICS OF ENTREPRENEURIAL INDIVIDUALS.**

Reading summary due at start of class: Busenitz and Barney, "Differences between Entrepreneurs and Managers in Large Organizations;" Sarasvathy, Simon, and Lave, "Perceiving and Managing Business Risks: Differences Between Entrepreneurs and Bankers."

Discussion of Busenitz and Barney; Sarasvathy, Simon, and Lave. What are the characteristics of entrepreneurial decision making and how do they differ from other forms of decision making? What are the characteristics of entrepreneurs as compared to others in the economy?

Class 5, November 13, John Nighswander:

**CHARACTERISTICS OF ENTREPRENEURS, CONTINUED AND CASE STUDIES OF ENTREPRENEURSHIP**

Reading summaries due at start of class on Stewart, Watson, Carland and Carland; *Howard Schultz and Starbucks Coffee Company, Next Stage Entertainment*, and *Karl Eller*.

Discussion of Stewart, Watson, Carland, and Carland, *A Proclivity for Entrepreneurship: A comparison of Entrepreneurs, Small Business Owners and Corporate Managers*, ;*Howard Schultz and Starbucks Coffee Company, Next Stage Entertainment*, and *Karl Eller*. What was entrepreneurial opportunity? What actions did the entrepreneur take? Why was it successful or not successful?

Class 6, November 18, John Nighswander:

**THE BUSINESS PLAN: AN OVERVIEW.**

Why a plan? The mechanisms for seeking money, accepted business practices, planning tools essential to move a project forward.

What makes up a business plan?

Reading summaries of Rich and Gumpert due at start of class.

Discussion of business planning and Rich and Gumpert, "How to Write a Great Business Plan."

Class 7, November 20, John Nighswander:

**CASE STUDIES OF BERGER PROGRAM BUSINESS PLANS.**

Reading summaries due at start of class. Evaluation of the idea and the plan.

Discussion of *Pyramid Block Technologies, Inc*; *Super Servicio, LL*; *Optica Technologies, Inc*; *Casa Sin Fronteras*; and *X-Celeration, Inc* .

Class 8, November 25, Gary Libecap, John Nighswander:

**SOCIAL ENTREPRENEURSHIP**

Reading summaries of Letts, Ryan, and Grossman and Oberfield and Dees due at start of class.

Discussion of Letts, Ryan, and Grossman, "Virtuous Capital" and Oberfield and Dees, "Starting a Nonprofit Venture."

"No Margin, No Mission"

Bringing the values and attitudes of the business community to the socially-aware sector

Running the social venture as an entrepreneurial business

The role of business in bettering the community

Class 9, November 27: Gary Libecap and John Nighswander

**ENTREPRENEURSHIP AND TECHNOLOGY TRANSFER**

Reading summary of Lowe due at the start of class.

Discussion of Lowe, "The Role and Experience of Start-Ups in Commercializing University Inventions."

Role of technology transfer from universities in the economy. Problems and solutions.

Team organization for market research of technology filings at the Office of Technology Transfer, Spring Semester 2003.