

The Entrepreneurial Game

Introduction

Starting a company seems like a daunting task. Entrepreneurs need to deal with a great variety of issues. There are a few basic skills that can be learned before engaging in an entrepreneurial venture. In our class discussions we will sharpen our understanding of the entrepreneurial process by discussing and analyzing business problems that entrepreneurs face. This I believe is a fundamental preparation for anyone interested in entrepreneurship. But entrepreneurship is also about action. How can one gain some experience? One suggestion is to start a company, make lots of mistakes, lose lots of money. A hopefully less painful alternative is to play the Entrepreneurship Game.

The Entrepreneurship Game has one simple objective:

To experience the challenges of selling a compelling idea and analyzing the risks involved.

The fundamental idea of the game is to simulate the process of starting and financing a new company. You will go through this process as an entrepreneur and as an investor. As an entrepreneur you will have to find your own business opportunity, communicate your idea to other people and present your analysis to the class. Some of you will be successful in obtaining (fictional) funds to start your company, while others will get to ponder why nobody financed their business idea. As an investor you will get to critique entrepreneurs, and make choices about which companies to finance. Throughout the Entrepreneurship Game you will focus on how to communicate your business ideas and even your personality. This is fundamental to the entrepreneurial process. It will give you an opportunity to learn from your peers, and hopefully to see how they are learning from you. Maybe the most important aspect of the game is to play it with a positive and “entrepreneurial” spirit. The game is meant to be an opportunity to explore new dimensions, to be creative, and also to have fun.

Overview of the Game

We will work in teams, and each team will develop a business opportunity. They will write a “business proposal,” which can be thought of as a reduced version of a business plan. The focus of the game will be less on the developing a picture-perfect business proposal and more on communicating the content of the business proposal to the group. As investors, each of us will evaluate the business plans of other teams, and provide constructive feedback. Entrepreneurs will try to obtain “fictional” financing from the investors. Naturally, not everyone will get financed. There is one obvious rule about conflicts of interest. No team can finance itself. In this game it is not good enough to have a good idea. You really need to convince investors that your idea is the best. The process of starting a company often takes several years, but we will have about 3 days. The experience will be intense and it will be important to work efficiently. Having time pressure is not unrealistic. Name me one successful start-up company where things have not been hectic! The art of entrepreneurship is not to do things perfectly, but to do the best given the circumstances. The same principle will apply to the Entrepreneurship Game.

Grading

You will be graded based on all of the information that we can observe in the game to come up with an overall evaluation of your performance. Your grade will be based on the over-arching objective of how well you reason through and communicate your own business ideas. Clearly it matters that you come up with a reasonable business proposition, but what I care most about is not the quality of that idea itself but instead how you justify and explain your opportunity. I look at the thoroughness of your analysis, at the logic of your ideas, and at the clarity with which you communicate them.

Class presentations

As mentioned above, communication is very important in the game. In order for all of us to learn from each other, and in order to learn to present, each team will be required to make two presentations to the class. These MUST be less than 5 minutes each (you will be stopped at five minutes). We expect a high standard for these presentations.

Outline of schedule - subject to change

- DUE: Tuesday, Feb 5th, 9:00 am.

Please submit at least one entrepreneurial idea on paper when you arrive on Tuesday, February 5th at 9:00 am. Describe your idea in 1 paragraph not to exceed 400 words. This is to be done individually by each participant, even if you already know the group you want to work with. If you are having trouble finding an idea, look on the web, or contact me directly. There is no restriction on the type of idea (as long as it is mildly feasible – i.e. we will accept an underwater hotel, but not a travel company that promotes “time travel”.) NOTE: If you do not use your idea in your group, we will allow another group to use it if they desire - that way the best ideas are pursued.

- Form Groups consisting of 3-4 people. If you already know who you would like to work with let me know. Otherwise we will assign groups during the first meeting on Tuesday, February 5th.

- Write up a Business Idea (Tuesday, Wednesday, and Thursday).

Executive Summary

Customer/target market analysis

Strategy: including business model and competitive advantages

- Prepare 2 presentations (Presented on Friday)

5 minute Business Pitch - Sell your idea

5 minute Risk Analysis - Describing Risks

strategic - competitors entering market, etc

compliance - introduction of new legislation, etc

financial - non-payment by customer, increased interest

rates on loans, etc

operational - breakdown of equipment, theft, etc

Adopted from an article by Thomas Hellman