

**Corporate Entrepreneurship
(Management 478-28)
August 18-22, 2014**

Class Times: August 18-22, 2:00 to 5:30 daily

Classroom: TBD

Lecturer: George Abe (george.abe@anderson.ucla.edu)

Office: Anderson D418

Office Hours: Arranged individually, also just before and after class.

Messages: 310-206-3082

Course Objective

Heretofore, corporate management has tackled the problem of innovation by pursuing internal research and development, then dispersing that research into internal business units for delivery to the market. Internal managers had been given responsibility to develop new businesses based upon internal R&D. Thus we hear terms, such as "intrapreneur" to describe these corporate managers given that responsibility. However, with the reduction of corporate research in the US and abroad and the continuing need for large companies to innovate, this policy has given way to other forms of corporate innovation.

The course objective is to familiarize students with basic problems and tools required for entrepreneurship within a corporate environment. This course is intended to be of interest to those working in a corporate setting who want an introduction to corporate entrepreneurship issues, as well as those who want to start a business outside a corporate context. Students will become familiar with terminology, issues and solutions unique to the topic.

This 2-unit course takes a look at four modes of corporate entrepreneurship.

- "internal entrepreneurship", which is internal R&D and product development taken to market using internal resources entirely. This is the classic model of corporate innovation, with some added twists.
- Corporate spinoffs
- Corporate venture capital
- Joint ventures

Classroom Matters

There will be cold-calling for case discussions. It is important you attend each class, be prepared to discuss each case and accept questioning about your solutions to case issues. You will be evaluated on your knowledge of the case, your judgment regarding the central issue of the case, your poise and verbal presentation.

Cases (written in study groups)

Each study group will submit several business cases for evaluation. Cases are designed to be challenging with some requiring computation. Each case will be roughly 3 pages. Writing skills will be an important factor in the grading. That means we expect clarity, brevity, a train of thought and proper grammar. It is also expected that students conduct independent research, when answering case questions. Not all the "answers" will be provided in class. Furthermore, there will be questions regarding the cases in the final exam.

Course Website

TBD

Grades

Classroom attendance and participation	30%
Cases	30%
Final Exam	40%

Schedule

Session 1: Corporate Entrepreneurship Overview

Review of basic entrepreneurship topics. Entrepreneurial process, misconceptions.

Issues of creating new businesses within established companies. Modalities of corporate entrepreneurship (business unit, spinoff, joint venture, ...), with pros and cons of each. Key differences between a startup entrepreneur and an internal corporate entrepreneur. Models of internal entrepreneurship.

Required Reading:

- Meeting the Challenge of Corporate Entrepreneurship (R0610G-PDF-ENG)
- Four Models of Corporate Entrepreneurship (SMR266-PDF-ENG)
- What's wrong with this picture?

<http://knowledge.wharton.upenn.edu/article/whats-wrong-with-this-picture-kodaks-30-year-slide-into-bankruptcy/>

Due Today:

- Dow Chemical (IMD145). Discussion only. No writeup due.

Session 2: Approaches to Corporation Innovation

What are key steps in implementing an "Open Innovation" strategy.
How firms organize internally for innovation.

Required Reading:

- Connect and Develop: Inside P&G's new model for innovation (R0603C-PDF-ENG)

Due Today:

- BP Office of the CTO (KEL366)

Session 3: Corporate Spinoffs

Structuring a corporate spinoff, emphasizing employee and intellectual property issues. Issues associated with HR transition problems, incentives and process. Corporate VC firms and strategic investing.

Required Reading:

- Why Spinoff Stocks are Sizzling (and should stay hot)
<http://www.forbes.com/sites/steveschaefer/2012/11/02/why-spinoff-stocks-are-sizzling/>
- Why Spinoffs Seldom Work
<http://hbswk.hbs.edu/item.jhtml?id=3014&t=entrepreneurship>

Due Today:

- Vertex Semiconductor

Session 4: Corporate Venture Capital

Venture capital firms which are fully funded by large corporations. Differences from financial VC firms in terms of objectives, investment policies and coaching.

Required Reading:

- Corporate Venture Capital Vignettes (Harvard E-131)
- The Determinants of Corporate Venture Capital Success
<http://hbswk.hbs.edu/item.html?id=1763&t=finance>
- Corporate VC look more like private VCs
<http://techcrunch.com/2013/11/05/corporate-venture-investors-starting-to-look-a-lot-more-like-private-vcs/>
- Corporate VC pay packages
<http://knowledge.wharton.upenn.edu/article/want-to-crank-up-corporate-venture-capital-performance-consider-matching-independent-vc-pay-packages/>
- How Corporate VC increase innovation
<http://knowledge.wharton.upenn.edu/article/how-corporate-venture-capital-investing-increases-innovation/>

Due Today:

- Intel Berkeley Networks (9-600-069)

Session 5: Joint Ventures and Exits

Elements of the business development function and its relationship to various forms of corporate partnerships, like joint ventures, investments and joint sales agreements.

The strategic considerations and organization of joint ventures. Failure modes and suggestions for improvement.

Due Today:

- Pandesic (A) – The Challenges of a New Business Venture (9-399-129)

Final Exam

There will be a take home exam due the following week at a time TBD. We ask that you sign an honor code and do this work on your own.

Lectures, cases and readings are fair game.