Special Graduate Subject Offering  
“Entrepreneurship in Construction and Real Estate Development”  
MIT – CRE  
11.345J/1.462J  
Thursdays, 3:00 – 5:30pm – 9-354  
2-0-4 Units, H2 – 10/22-12/4  
Fall, 2015

The purpose of this subject is to explain the role of and the opportunities for the entrepreneur in the global built environment. The built environment is defined as all the components and services that go into the structures and infrastructure in which we live with an emphasis on real estate.

We will discuss the definition of entrepreneurship; the concepts, skills, strategic planning, know how, know who, information, attitudes, alternatives and resources that entrepreneurs need. We will then review the evaluation of ideas, opportunities, and how one sorts them into viable entrepreneurial businesses.

We will investigate how to impact emerging markets by unpacking the relationship between developers and national development goals. Property rights, infrastructure, access to credit, cultural history, political power and corruption are all huge variables (relatively constant in formal markets) which need understanding in order to allow innovation and sustainability to enter these markets. Using case studies and real-world examples, students are challenged to develop their individual entrepreneurial traits to recognize new opportunities where others see chaos and to unlock value in the face of market failures. This course will put real estate students into a grey area known as “social entrepreneurship” (between formal private actors and NGO/institutional roles) to analyze real estate development as a means to capture value AND solve development challenges simultaneously by balancing competing interests and pressures and achieving economic, environmental and social achievements with each project.

We will have guest speakers address their outlook of what might be the status of the built environment over the next ten years. Entrepreneurs in the built environment will discuss the founding and the current and future positioning of their firms. We will discuss the steps to develop an opportunity into a business.

We will then develop groups within the class to recognize and evaluate opportunities. These groups will then develop a strategic plan to launch that opportunity/business.

In addition to this course we have initiated a collaborative project with the University of Kwa-Zulu Natal to empower rural and local economic development initiatives and to give our students an opportunity to play a vital role in bringing development solutions to the people of South Africa. Called CREATE (Cultural, Research, Entrepreneurship and Technology Exchange), the project scope is to foster economic self-sufficiency through
entrepreneurship and innovation in local markets. The last two years we have brought seven MIT students each year on a two-week trip to Durban, S.A. in May for the CREATE program. CREATE is a volunteer project and builds on the knowledge gained in this course.

Faculty:

John Kennedy has been a Lecturer at MIT’s Center for Construction Research and Engineering, and currently a Lecturer at MIT’s Center for Real Estate Development, where he has taught courses on Strategic Marketing, Real Estate and Entrepreneurship. He founded and harvested companies in the design construct enterprise and he is currently a Partner of Kennedy Ventures LLC, officer of B.W. Kennedy Company, and Co-Founder of CREATE a nonprofit Entrepreneurial effort in South Africa. Campbell Mayer the Co-founder of CREATE will lecture on this enterprise and the social implications of real estate entrepreneurship.

Topics Include:

• Entrepreneurship in New and Existing Firms
• Analytical Framework of Entrepreneurship
• Social entrepreneurship in Real Estate
• Recognizing Opportunities in our Business
• Strategic Positioning of Entrepreneurial Opportunities
Class Readings, Assignments and Guest Lecturers


10/22/15 LECTURE 1: Introduction – Course Topic/ Opportunities

Introduce Sustainability or Triple bottom (PPP/TBL/3BL) line theory (Social, Environmental, Financial or People, Planets, Profits) & project goals, give examples (Property AHB, Commercial malls in urban Africa?) What is social impact?
Introduce PPP as a lens to view the entire course, how it relates to final project. (Getting beyond profit)
Overview of MIT entrepreneurial ecology & importance of networking campus (discuss campus resources to test and develop ideas) Show MIT ecosystem showed in Africa [http://shar.es/Pf8hi](http://shar.es/Pf8hi)
Ecosystem- Entrepreneurship MIT

Entrepreneurial Landscape & Opportunities

Guests will evaluate the current environment and Assist in Opportunity Recognition

**Guest Lecturers:** David Geltner
*Professor of Real Estate Finance & Engineering Systems, MIT Department of Urban Studies and Planning, MIT*

**Guest Lecturer:** Andrea Chegut PHD
Post- Doc Research Associate MIT

**Guest Lecturer:** Ted Tye- Founding Partner
*National Development*

**Guest Lecturer:** Dipul Patel – Founding Partner
*Ecovent Systems*

**Guest Lecturer:** Dennis Frenchman
*Professor of Real Estate & Planning, MIT Department Of Urban Studies and Planning, MIT*
10/29/15  LECTURE 2: Opportunities; Creating, Shaping, Recognizing, and Seizing

Capitalizing on market & state failures in emerging markets. (Fill a gap in the market) Bringing innovation into lethargic markets. Creating business opportunities for the informal market? (Align incentives to make a social impact and profit) Facilitating FDI into high-risk/asymmetric conditions. (Mitigating the fears of offshore investors)

Guests will evaluate the current environment and Assist in Opportunity Recognition

Readings:
- Text – Chapter 1 – “The Global Entrepreneurial Revolution for a flatter World”
- Text – Chapter 3 – “The Entrepreneurial Process”
- Text- Chapter 4 - “Clean commerce is an Opportunity Sea Change”
- Text – Chapter 5 – “The Opportunity: Creating, Shaping, Recognizing, Seizing”
- Wikipedia - Triple Bottom Line Definition
- “Paths and Characteristics of Real Estate Entrepreneurs” by Michael Kazmierski, pgs. 174 – 184 *

Assignment Due: Assignment #1 on STELLAR: “Goals”

Guest Lecturer: Peter Merrigan, Founder & Partner Taurus Investment Holdings, LLC
Peter to talk on Global development/ Micro-Finance

Guest Lecturer: Jennifer Cookke, President, Owner F.H. French Company

Guest Lecturer; Campbell Mayer, Partner AHB
Co-Founder of CREATE

Guest Lecturer; Stephen Lynch- Partner King Street Properties
11/3/2015  LECTURE 3: Social entrepreneurship in Real Estate Development  
Dinner meeting @ 7:00PM Location TBD

The story of AHB- Africa Home Builders A case study in progress.

We will discuss the challenges and opportunities of Business and Real Estate development for the residents of underdeveloped areas.

Readings:
Text- Chapter 6 - Screening Venture Opportunities
Text –Chapter 7 - Opportunities for Social Entrepreneurship

Guest Lecturer: Campbell Mayer
MIT Graduate; Partner AHB and Co-Founder CREATE

Lecturer: John F. Kennedy
MIT-CRE Lecturer

Assignment Due: Assignment #2 on STELLAR: “Paths & Traits”

The steps one goes through to establish a business in underdeveloped Areas.

11/5/2015   LECTURE 4: Selecting Business Opportunities

- Session for students to choose opportunities by team, to develop businesses
- Using the PPP lens for evaluating opportunities

Assignment Due: One paragraph of an opportunity in the Built Environment
11/12/15 LECTURE 5: Start Up, Global Real Estate & Construction

Operating a business in emerging markets- capital flows/banking, legal liabilities, and local partnerships. Personal well-being- living & working in foreign markets? Importance of incentivizing local partners- mitigating unforeseen variables

Readings:
- Text Chapter 8 - “The Business Plan”
- Text – Chapter 9 – “The Entrepreneurial Leader and The Team
- Text – Chapter 10- “Ethical Decision Making and the Entrepreneur
- The Executive Summary
- The 20-Slide Presentation

Guest Lecturer:  Emrah Ergelen, Founding Partner,
ARGE Construction & Trade, Inc.
Istanbul, Turkey

Emre Camlibel, CEO Soyak Holding
Istanbul, Turkey

Assignment Due:  Assignment #3: Defining Your Opportunity Teams selected for business enterprises. Final draft of business opportunities as teams
11/19/15  LECTURE 6: Venture Capital / Real Estate Capital / Funds Capital

Creating viable investments in emerging markets-
Bridging two worlds- contextualizing the 3rd world for western investors
Hard and soft lines in the sand- where you can be ‘creative’ and where you
Must be rigid to seize opportunity.

Guests discuss attaining and cost of Real Estate Capital

Readings:
- Text – Chapter 14 – “Obtaining Venture and Growth Capital”
- Text – Chapter 13 – “Entrepreneurial finance”
- Text- Chapter 16 – “Obtaining Debt Capital”

Guest Lecturer:  David Ferrero, Partner
                 Alcion, Ventures, L.P.

Guest Lecturer:  Robert Reibstein
                 Mugar Enterprises

Guest Lecturer:  Thomas Ragno Partner
                 King Street Properties, LLC

Guest Lecturer:  James F Kennedy, Managing Director
                 JP Morgan & Co.
                 Alice Cao, Executive Director
                 JP Morgan & Co.

Assignment Due: Conceptual 20 Slide Presentation per team
12/3/2015  LECTURE 7: Local & Global Real Estate
Deal Structure / Managing Growth

Casting a wide net for project opportunities, focusing on successful execution-
keeping lots of irons in the fire?
Africa-specific idea- monetizing perceived land values?
Adding value- goals of local partners often very different from perspective of FDI

Guests will discuss the issues involved in managing growth.

Readings:
- Text – Chapter 15 – “The Deal: Valuation, Structure, and Negotiation”
- Text – Chapter 17 – “Leading Rapid Growth, Crises, and Recovery”
- Text – Chapter 19- “ The Harvest and Beyond”

Guest Lecturer:  Patrick Rowe
   Director - MITIMCO

Guest Lecturer:  Mark Davidson
   Director- MITIMCO

Assignment Due: Final draft “20-Slide Presentation”

12/10/15  LECTURE 8: Student Presentations of Strategic Business Plans

Have a PPP category for evaluating each business plan.

Panel:  Bill Cress, Prospectus Inc.

   Joe Fallon, Cassidy Turley FHO

   Albert Saiz, Professor, MIT

   Jennifer Cookke, F. H. French Company