

# Applied High-tech Venturing



## Agenda

- Venture Cup 2013. **Christian Østerbye**, University Coordinator, DTU

### **The Entrepreneur**

- Motivation
- Personality
- Working life
- The ideal preconditions

### **Group formation and get-together**

### **The Business**

- Success- and Non-success factors
- Classic Rules of the Thumb

**IAESEC:** Vytautas Kucinskas Team Member of Talent Management

*Association Internationale des étudiants en sciences économiques et commerciales. Founded 1948.* See <http://unic.aiesec.dk>

<sup>1</sup> DTU Management Engineering,  
Technical University of Denmark

## Why do it?



- **A demonstration of your personality and skills**
- **An independent and catching lifestyle**
- **You are the manager – and in control**
- **Great fun and lots of interesting work**
- **A team sport with highly motivated and hard working friends**
- **Great expectations, great perspective - and you are an explorer of a new world – a pioneer and a discoverer, set to make the world a better place**
- **To make a Gazillion?**

**It happens - but  
Get Your priorities right  
– and focus on business development.**

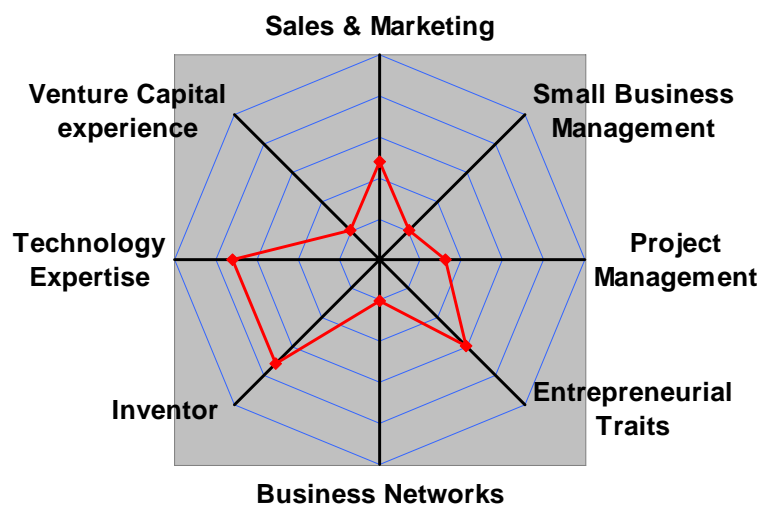
<sup>2</sup> DTU Management Engineering,  
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## The Entrepreneur

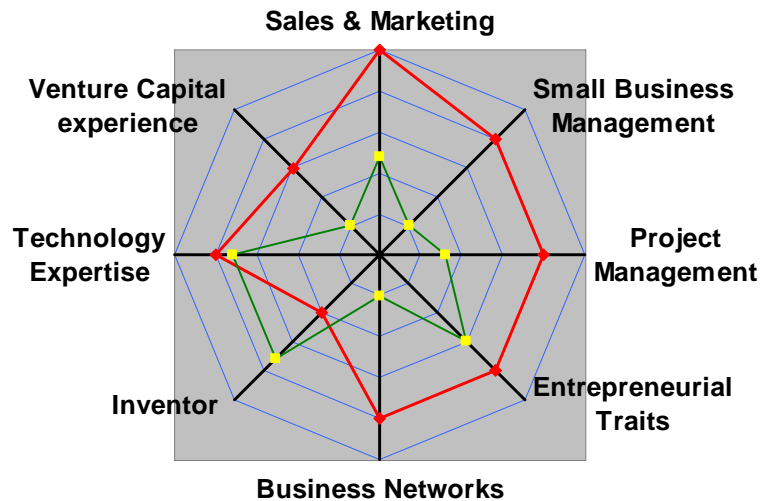
- **Extrovert**
- **Proactive**
- **Energetic**
- **Initiator**
- **Capable of – and quick in - making decisions and enforce them** (*a DOER rather than a PLANNER*)
- **Personal integrity**
- **Persistent**
- **Resource-demanding**
- **Impatient**
- **Ruthless - brutal**

*NAPOLEON!*

## The Entrepreneurial Team



## The IDEAL Entrepreneurial Team



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## The Entrepreneurial Working Life

### The Negative Angle

- **A lot of hard work**
  - Strain on family and friends
  - Tough on psyche and body.
- **Crisis and Chaos prevails**
  - Basis of decisions often diffuse
  - Chronic lack of money
- **High stress-level**
  - Responsible for values and employees
  - Short deadlines

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## The Entrepreneurial Working Life

### The Positive Angle

- **A match between personality and working life**
- **The start-up phase is like a flue: *it ends***
- **Sometimes: a personal fortune ->**

*The Serial Entrepreneur*

## The Ideal Preconditions

- **Up-to-date education**
- **Domain knowledge**
- **Entrepreneurial skills**
- **A positive life situation**
- **A global perspective and a good command of English. (BE-standard OK)**

## Succes factors

- **QUALIFIED TEAM** including all experiences and competences needed to complete the task
- **COMPREHENSIVE UNDERSTANDING** of the **CUSTOMER** – reflected in products and services
  - Start in markets in rapid change and transition
  - Market pull versus technology push
  - Methodical preparations before launch
  - An easily understandable and logic business rationale
  - Enough CASH to produce commercial results
  - Product development plans on strategic level
- **GOOD MANAGEMENT** in all aspects

## Non-succes factors

- Technology-driven venture
- Paranoia
- Lack of focus -> The Job-shop Syndrome
- Afraid of the customer
- Does not understand the customer
- Capital locked in receivables, bricks and mortar
- Expenses too high
- Poor management
- Bad business ethics

## From the Bankruptcy Statistics

- |  |  |            |
|--|--|------------|
| • Sales failed                             | <b>60% mortality in the Market!</b>    | <b>39%</b> |
| • Beaten by competitors                    | <i>The Devil is in the Marketplace</i> | <b>21%</b> |
| • Operating costs too high                 |  | <b>11%</b> |
| • Overhead costs too high                  |  | <b>4%</b>  |
| • Bad debts: customer bankrupt             |  | <b>9%</b>  |
| • Production or technology fails to comply |  | <b>4%</b>  |
| • Any other reason:                        |  | <b>12%</b> |
| • Mess and disorder                        |  |            |
| • Inappropriate localization               |  |            |
| • Fraud                                    |  |            |
| • Health problems, natural disasters etc.  |  |            |

## Rules of Thumb

- Competent and opportunity driven business idea
- Be methodical in your business planning
- Keep the costs down – live on a rock
- Get the money from your customers before you pay your suppliers
- Avoid unnecessary costs: early-stage capital is expensive
- Bank loans only to finance production already ordered – unless you have secured the loan – **THE RIGHT WAY!**
- Don't start unless you have enough money – *to produce first commercial results (JH)*
- Check the cash flow frequently. Negative cash-in-hand is an instant company-killer
- Get the right persons involved
- Focus on market and sales



## Massachusetts Institute of Technology

### *The MIT Recipy*

- **Where is the Pain?** (No Pain = No Gain = No Company)
- **What is your value proposition** (VP)  
Quantify your value proposition (QVP)
- **Who is your customer** (who is your jury)
- **Why would he or she buy** (Pain X Value breaks Barriers)
- **How much is he or she willing to pay?** (VP)
- **Practice your Elevator Pitch**  
before meeting your customer/investor

## End of the Day

Coming up next: Opportunity-driven Creativity

### Your task now:

- Get to know your group
- Align ambitions
- Start working on idea-generation, using the MIT recipy



**IAESEC:**

**Vytautas Kucinskas**



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