

## Applied High-tech Venturing

### Agenda

#### ***The Entrepreneur***

15:30 – 15:55

- Motivation
- Personality
- Work-life
- The ideal preconditions

#### ***The Business***

16:00 – 16:30

- Succes- and Non-succes factors
- Classic Rules of the Thumb

## Why do it?

- **The ultimate demonstration of your power and skills**
- **Great fun and lots of interesting work**
- **A catching lifestyle – so beware of the nerd-syndrome**
- **An independent lifestyle: hardly**
- **A team sport with highly motivated and hard working friends**
- **Great expectations, great perspective**
- **To make a Gazillion?**

**It happens - but**

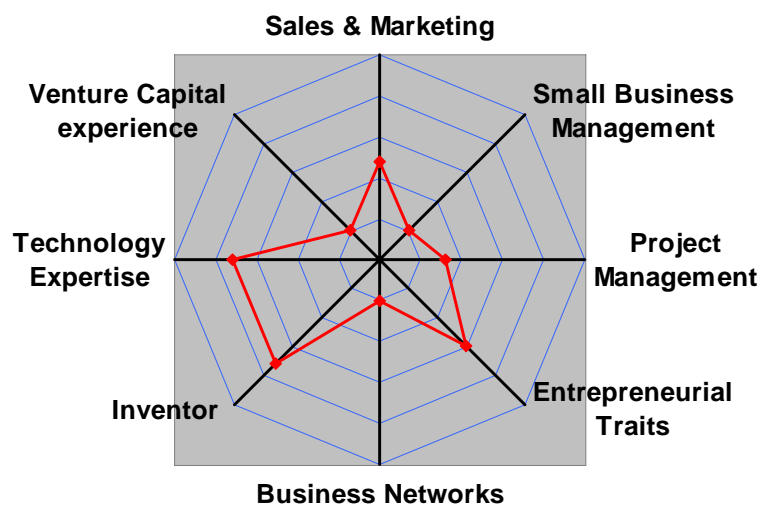
**Get Your priorities right – and focus on company development.**

## The Entrepreneur

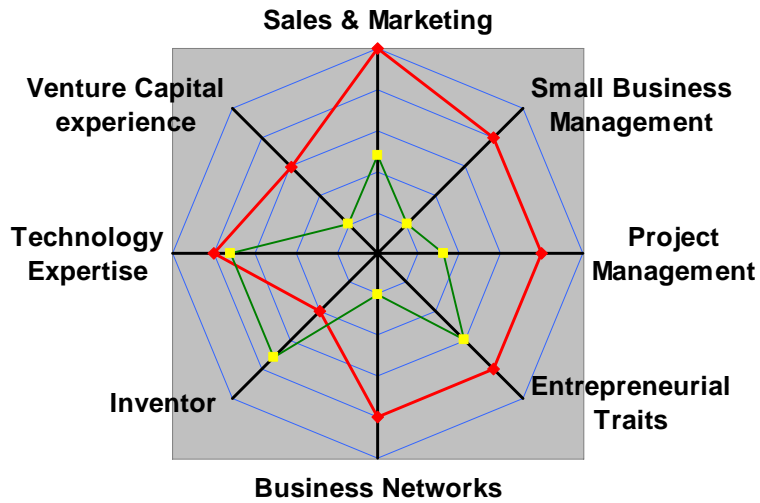
- Extrovert
- Proactive
- Energetic
- Initiator
- Capable of – and quick in - making decisions and enforce them (a DOER rather than a PLANNER)
- Personal integrity
- Stubborn
- Ressource-demanding
- Unpatient

*A charming bastard!*

## The Entrepreneurial Team

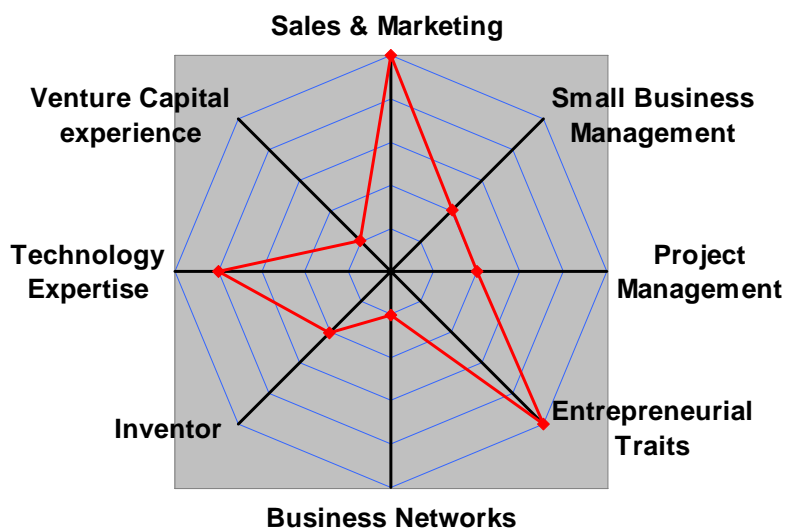


## The IDEAL Entrepreneurial Team



5 DTU Management Engineering, Technical University of Denmark

## The Birth of an IT Venture: Microsoft



6 DTU Management Engineering, Technical University of Denmark

## 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

## 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**
- **A readily understood 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 outstanding liabilities, bricks and mortar
- Expenses too high
- Poor management
- Bad business ethics

## From the Bankruptcy Statistics

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

## Rules of the 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**
- **Bankloans only to finance production already ordered**
- **Don't start if you don't have enough money**
- **Check the cashflow. 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+value breaks Barriers)
- **How much is he or she willing to pay?** (VP)
- **Practice your Elevator Pitch**  
before meeting your customer/investor