

## Applied High-tech Venturing

### Agenda

#### *The Entrepreneur*

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

#### *The Business*

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

## Why do it?

- **The ultimate demonstration of your personality and skills**
- **Project, where you are the manager – and in control**
- **Great fun and lots of interesting work**
- **A catching lifestyle**
- **An independent lifestyle**
- **A team sport with highly motivated and hard working friends**
- **Great expectations, great perspective**
- **To make a Gazillion?**

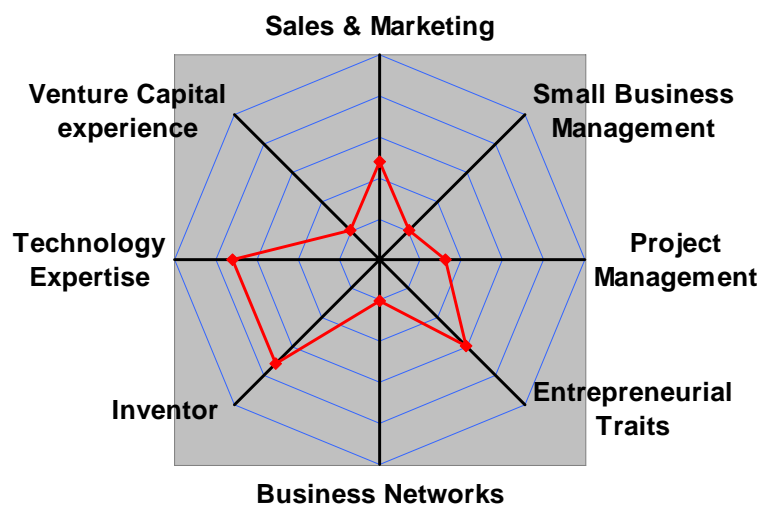
**It happens - but  
Get Your priorities right – and focus on company  
development.**

## The Entrepreneur

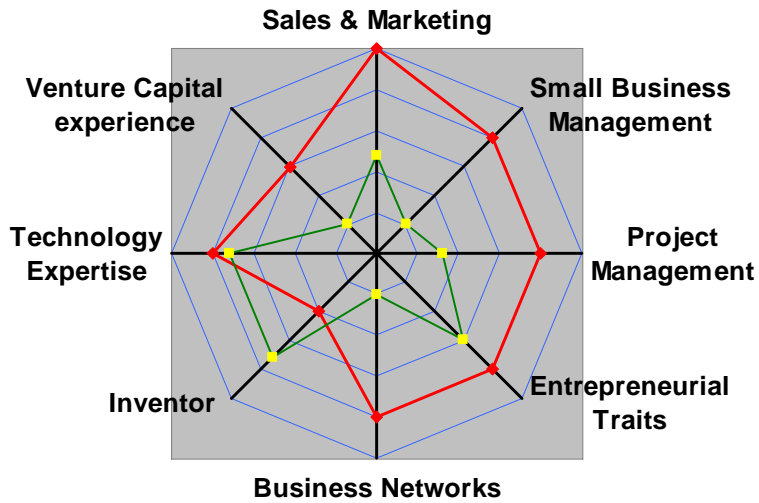
- **Extrovert**
- **Proactive**
- **Energetic**
- **Initiator**
- **Capable of – and quick in - making decisions and enforce them** (*a DOER rather than a PLANNER*)
- **Personal integrity**
- **Stubborn**
- **Ressource-demanding**
- **Unpatient**

*A charming bastard!*

## The Entrepreneurial Team

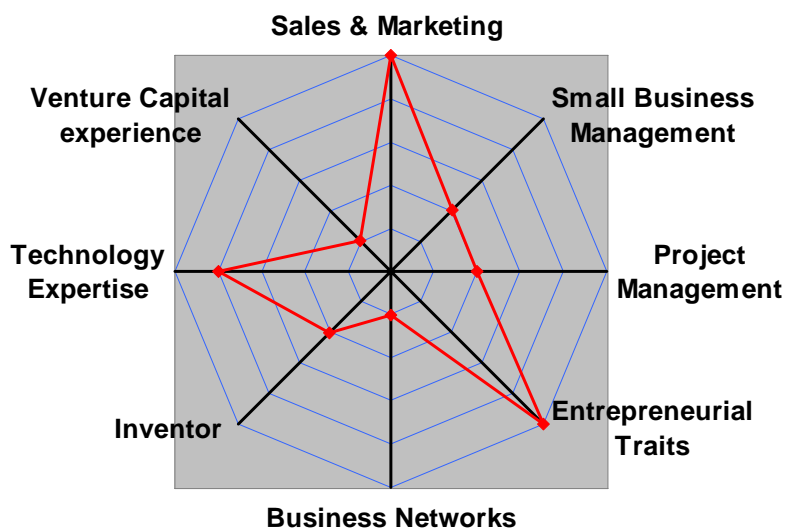


## The IDEAL Entrepreneurial Team



5 DTU Management Engineering, Technical University of Denmark

## The Birth of an IT Venture



6 DTU Management Engineering, Technical University of Denmark

## The Birth of an IT Venture



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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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Technical University of Denmark

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

## From the Bankruptcy Statistics

- |   |                                     |            |
|---|-------------------------------------|------------|
| • <b>Sales failed</b>                             | <i>60% mortality in the Market!</i> | <b>39%</b> |
| • <b>Beaten by competitors</b>                    | <i>The Devil is in the Market</i>   | <b>21%</b> |
| • <b>Operating costs too high</b>                 |                                     | <b>11%</b> |
| • <b>Overhead costs too high</b>                  |                                     | <b>4%</b>  |
| • <b>Bad depts: customer bankrupt</b>             |                                     | <b>9%</b>  |
| • <b>Production or technology fails to comply</b> |                                     | <b>4%</b>  |
| • <b>Any other reason:</b>                        |                                     | <b>12%</b> |
| • 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

YOU JUST MADE IT GRAND

END OF THE DAY !



### Assignment

Get to know your team and find out if it works

Deadline for changes in group formation is  
Friday 10 September 2010, 12:00

3. Lecture is about opportunity-driven creativity,  
but don't wait for that – as long as your ideas  
comply with the MIT recipy (5 basic rules)