

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

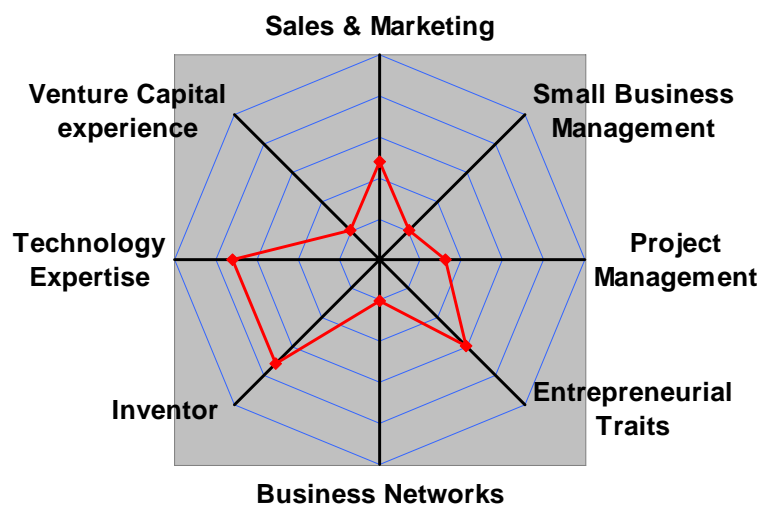
**It happens - but
Get Your priorities right – and focus on company
development.**

The Entrepreneur

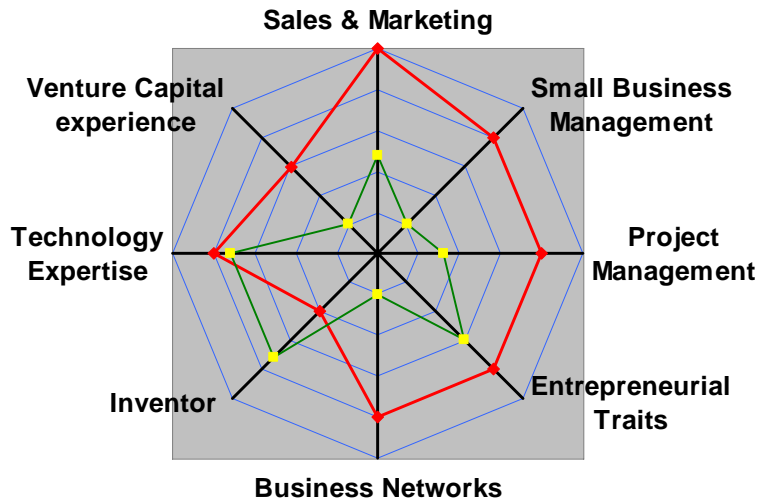
- Extrovert
- Proactive
- Energetic
- Initiator
- Capable of – and quick in - making decisions and enforce them *(a DOER rather than a PLANNER)*
- Personal integrity
- Stubborn
- Ressource-demanding
- Unpatient

NAPOLEON!
A charming bastard!

The Entrepreneurial Team

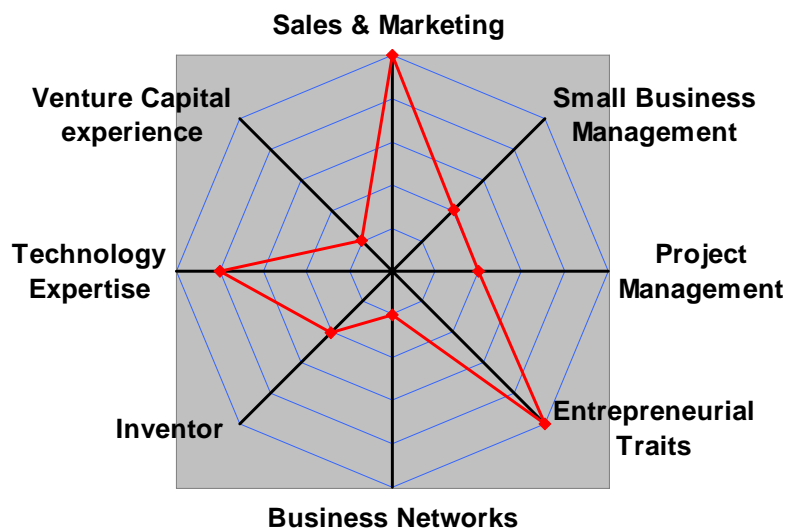


The IDEAL Entrepreneurial Team



5 DTU Management Engineering, Technical University of Denmark

The Birth of an IT Venture: MicroSoft



6 DTU Management Engineering, Technical University of Denmark

BREAK

FIND YOUR GROUP:

1. Find yourself on the enrollment list p. 1 and see what group you are part of.
2. Get the group sign, go outside the auditorium and flag it
3. If the group sign is gone, go outside the auditorium and find someone flagging it.

Groups have been created on CampusNet and members have author's right = filesharing and group mails are enabled.

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
 - 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

- | | | |
|--|--|------------|
| • Sales failed | 60% mortality in the Market! | 39% |
| • Beaten by competitors | <i>The Devil is in the Marketplace</i> | 21% |
| • Operating costs too high | | 11% |
| • Overhead costs too high | | 4% |
| • Bad debts: 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 – 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 cashflow 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 !



Assignment

Get to know your team and find out if it works

Deadline for changes in group formation is
Wednesday 9 February 2011, 05:00 pm

3. Lecture is about business planning.

4. 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).

A challenge: one business idea per person per week, next two weeks = a portfolio of 5 – 10 ideas per Monday 21 February.