

DTU Course 42435

Knowledge based Entrepreneurship

Experiences

Video 04

John Heebøll

DTU Management Engineering
Technology and Innovation Management

AGENDA

- **Success and Non-success in business formation**
- **The Bankruptcy Statistics**
- **The MIT Recipe for Business Opportunity Check**

Success 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 | <i>60% mortality in the Market!</i> | 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. | | |



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