

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

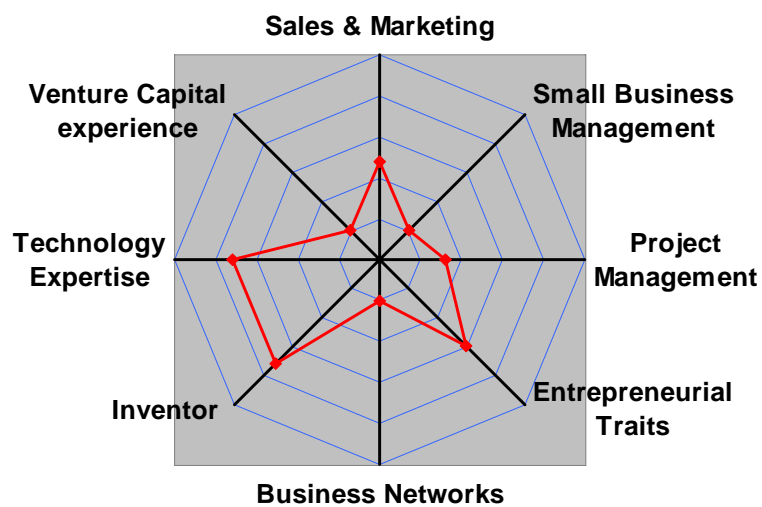
Get Your priorities right – and focus on company development.

The Entrepreneur

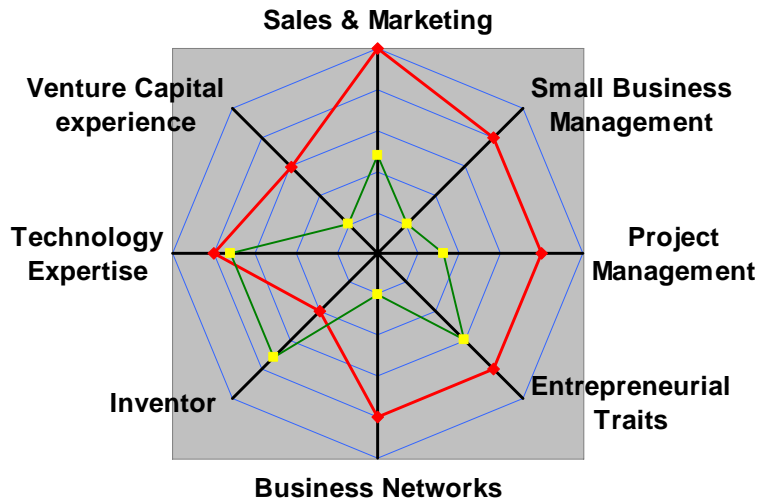
- **Extrovert**
- **Proactive**
- **Energetic**
- **Initiator**
- **Capable of – and quick in - making decisions and enforce them** (*a DOER rather than a PLANNER*)
- **Personal integrity**
- **Stubborn**
- **Ressource-demanding**
- **Unpatient**

A charming bastard!

The Entrepreneurial Team

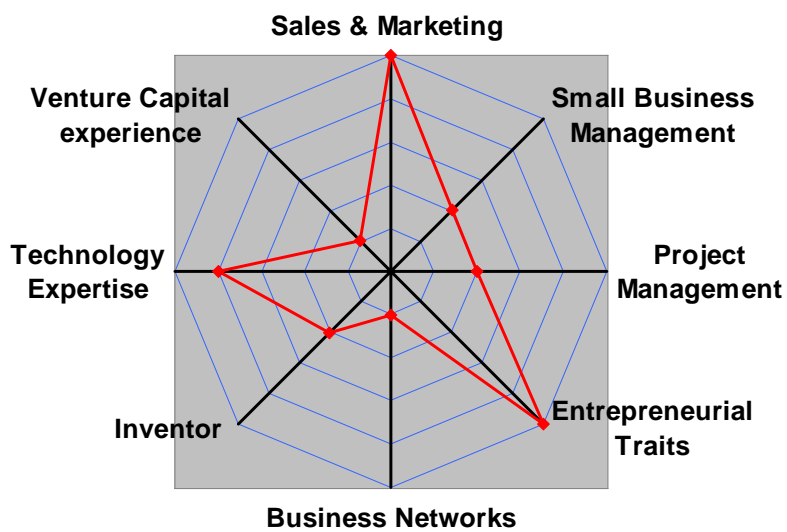


The IDEAL Entrepreneurial Team



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