

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?**

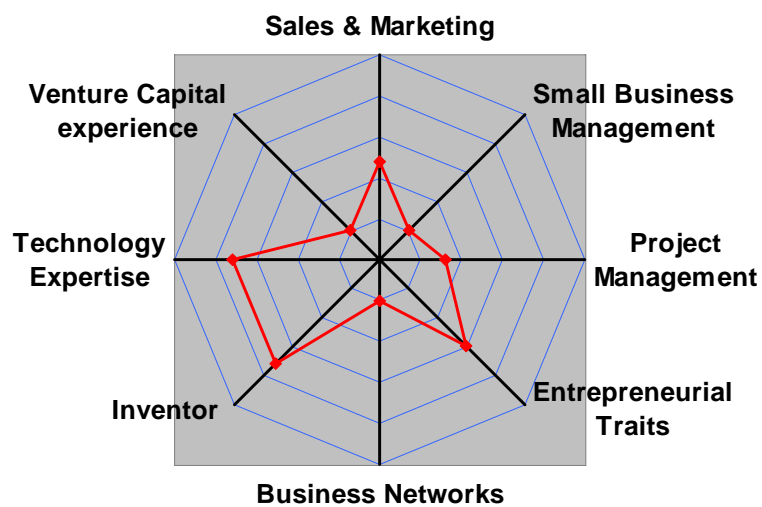
**It happens - but
Get Your priorities right – and focus on company
development.**

The Entrepreneur

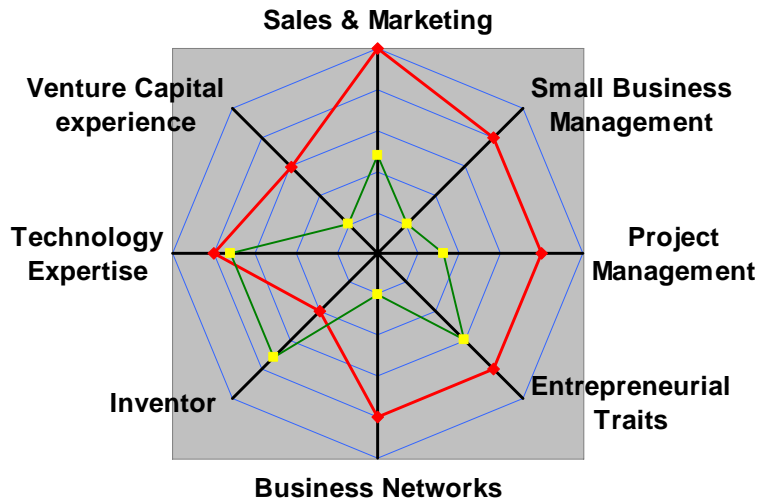
- Extrovert
- Proactive
- Energetic
- Initiator
- Capable of – and quick in - making decisions and enforce them (a DOER rather than a PLANNER)
- Personal integrity
- Stubborn
- Ressource-demanding
- Unpatient

A charming bastard!

The Entrepreneurial Team

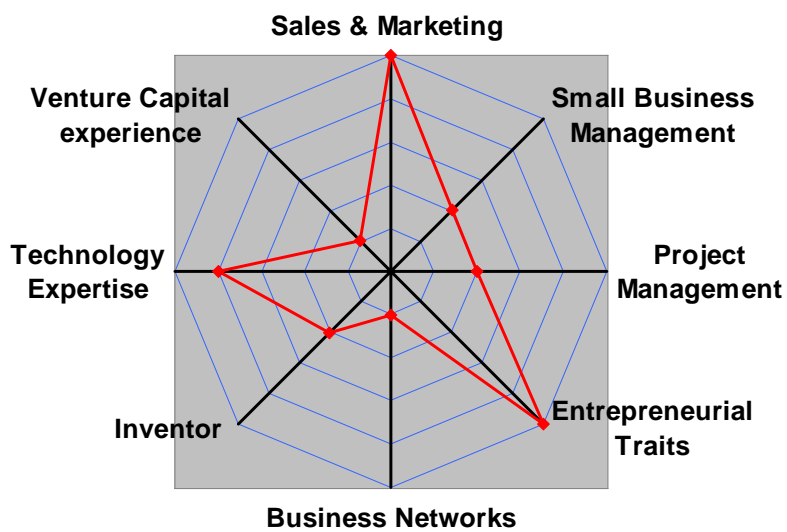


The IDEAL Entrepreneurial Team



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

- | | | |
|---|-------------------------------------|------------|
| • Sales failed | <i>60% mortality in the Market!</i> | 39% |
| • Beaten by competitors | <i>The Devil is in the Market</i> | 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

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)