

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 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?**

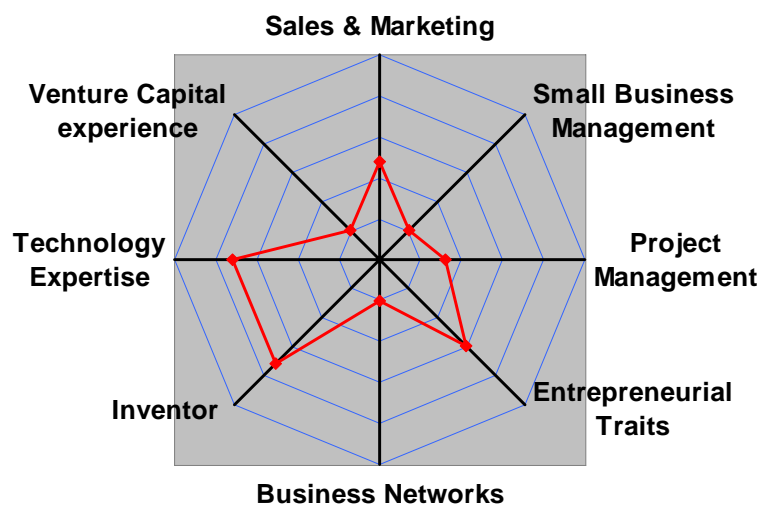
It happens - but

Get Your priorities right – and focus on company development.

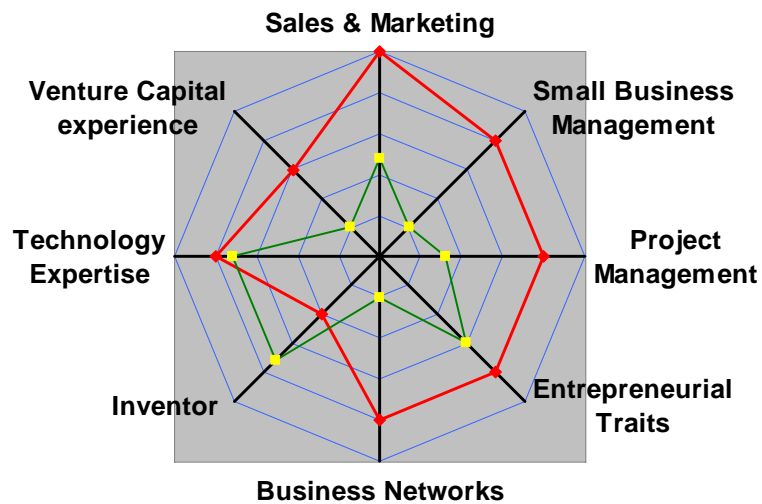
The Entrepreneur

- **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**

The Entrepreneurial Team



The IDEAL Entrepreneurial Team



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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

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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)**

BREAK - 45 minutes

- **Find your group number**
- **Go get the group license plate**
- **If it's gone – go find it in the lobby**
- **Have your kick-off meeting now**
 - Who are you: presentation round
 - Ambitions
 - Any ideas that anyone wants to pursue
 - Next group meeting

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

END OF THE DAY !



Assignment

Get to know your team and find out if it works

**Deadline for changes in group formation is
Thursday 11 February**

**3. Lecture is about opportunity-driven creativity,
but don't wait for that – as long as your ideas
comply with the MIT recipe**