The Essential Ingredients for Business Success: In Priority Order!

(1) People
(2) Markets
(3) Products
The Essential Ingredients for Relevant Research: In Priority Order!

(1) People
(2) Innovation (Science & Engineering)
(3) Relevant Application Context

Painkillers are essential, they command a high margin, and are usually addictive!

Vitamin tablets are optional...

How and why is your painkiller more effective than your competitors?

"Build it, and they won't come" David Ladd

"Great companies take what we do today and do it better" Clayton Christiensen—Are you preaching a new religion?
QUESTION (2)
What does a Day in the Life of Your Customer Look Like?

✓ Do you know who will use your product or service?
✓ How much time will they spend with it?
✓ What other products or services do they use?
✓ What do they do from 8:00 a.m. until 6:00 p.m.?
✓ Do you know how they think?
✓ Who has the purchasing authority? How are budgets established? How is a purchasing decision made?

QUESTION (3)
Who are Your Competitors?

✓ Obvious question, but……..
✓ Are they giants who are likely to trample you?
✓ Do they want to work with you? Can you use the ‘Aikido Tactic’?
✓ Is your success based on others’ failure?
✓ Are there three other groups just like you—all starting or about to start companies?
✓ Be sure to assume your competitors are smart and are also a generation ahead of where they are today!
QUESTION (4)

How Far This Money Take You?

- How much total money will you need?
- If you are successful, this is the most expensive money you will ever raise!
- The better the team and the further along you are in proving the market, the cheaper the money.

The Cost of Money

- Plan for 2nd Round Financing
- Take $3M at $6M Pre

Time Since Founding

Company Value ($M)

Q1 00  Q2 00  Q3 00  Q4 00  Q1 01  Q2 01  Q3 01  Q4 01  Q1 02  Q2 02  Q3 02  Q4 02  Q1 03  Q2 03  Q3 03  Q4 03
Question (4)
How Far Will This Money Take You?

- How much total money will you need?
- If you are successful, this is the most expensive money you will ever raise!
- The better the team and the further along you are in proving the market, the cheaper the money.
- You need a financing plan just like a development plan
- Raise a more money than you need to reach a financing milestone, and then raise cheaper money
- Missing your plan is what causes ‘venture capitalists’ to become ‘vulture capitalists’
A View from the Trenches

✓ What is your personal goal—to maximize your impact on the world or to make a lot of money? ... Or both?

✓ The first money you take is very expensive!
  ✓ Stay in the research environment as long as you can
  ✓ Think hard about your financing strategy and plan for contingencies!

✓ Sometimes it is better not to use Venture Capital to finance your venture!
  ✓ Corporate partners
  ✓ Bootstrapped from seed

✓ Improve the efficiency of your sales channel—make one or two highly respected customers very successful

✓ If appropriate for your product or service, work with international standards bodies to create an advantage

FIVE QUESTIONS FROM A VENTURE CAPITALIST

QUESTION (5)
Do You Have a CEO?

✓ What will your role be?
✓ Who else do you need to make the plan successful?
✓ Share equity—done right, it will make the pie bigger
✓ The CEO really is the most important person in a start-up
Technology and the Social Enterprise

- The future business is mostly about Social Enterprises
- Return-on-capital-invested, not simply profit
- Sustainable products and services
- Meeting critical global needs
- Empowering the global poor