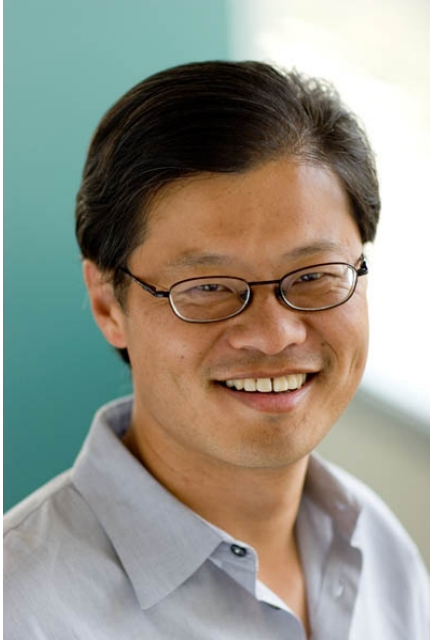


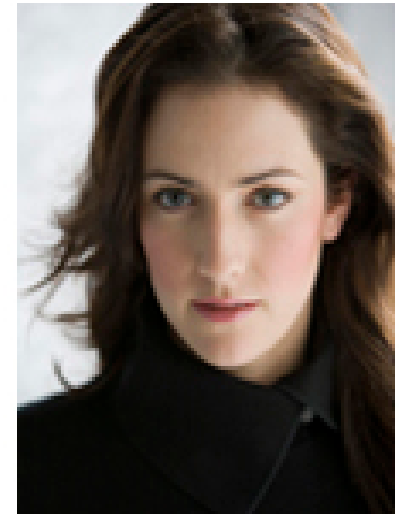
# Micro MBA: Innovation to Market

August 10, 2017

# Who are these folks?



- Not all men, not all high tech, not all for profit



# More Recent



# Why Not YOU?



# Innovation to Market

What we are going to cover in this class?

- Where do innovative ideas come from?
- How to you find out if such an idea can be a successful opportunity?
- What makes up a good go to market strategy?
- How to make a good oral pitch about the opportunity.

# Your Takeaways

- An appreciation of what it takes to be a successful entrepreneur/intrapreneur
- A framework for assessing a good opportunity
- A good understanding of what it takes for a good go to market strategy

# What Characterizes an Entrepreneur/Intrapreneur?



# What are the Rewards for an Entrepreneur/Intrapreneur?

# What are the Sacrifices of an Entrepreneur/Intrapreneur?

# Myths about Entrepreneurs/Intrapreneurs

Entrepreneurs are born, not made

Anyone can start a business

Entrepreneurs are gamblers

Entrepreneurs want the whole show to themselves

Entrepreneurs are completely independent

Entrepreneurs suffer a great deal of stress

Starting a business is risky and often fails

Money is the most important startup ingredient

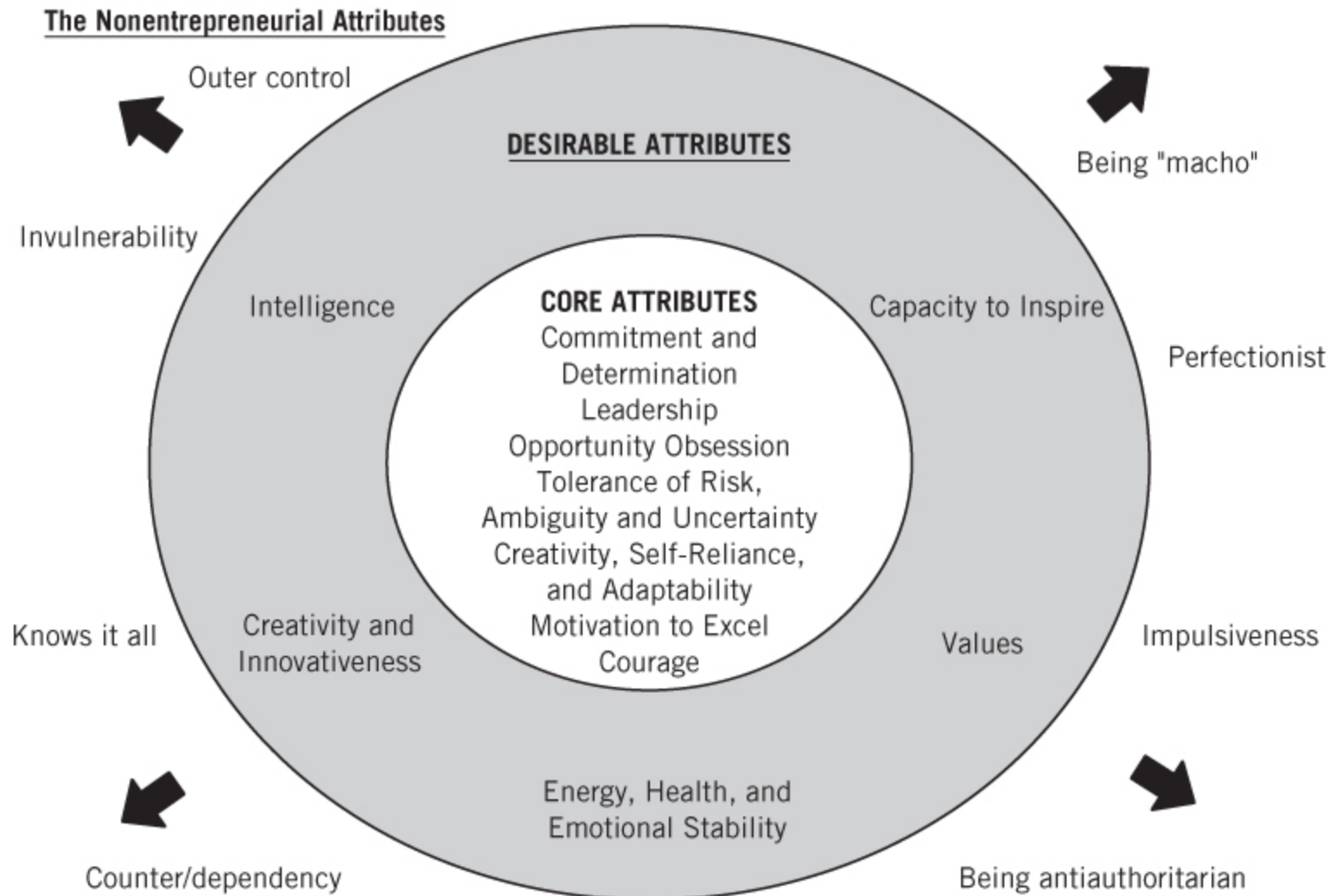
Entrepreneurs should be young

Entrepreneurs are motivated mostly by money

## Myths (continued)

- Entrepreneurs seek power and control
- Talented entrepreneurs will succeed in a year or two
- Any good idea can attract capital
- Enough investment money will assure success

# The Mind of the Entrepreneur/Intrapreneur



# Definition of an Entrepreneur/Intrapreneur

The pursuit of opportunity through innovation, creativity, hard work without regard for the resources currently controlled

# What Does an Entre/Intrapreneurs Do?

- They possess a vision and the passion, commitment and motivation to transmit this vision to other stake holders
- They sense an opportunity where others see only chaos, contradiction and confusion
- They make a plan to develop a business that exploits the opportunity
- They gather the necessary resources of people, facilities, capital and other assets (often owned by others) and form combinations that make their value greater than before.

## What They Do (continued)

- They demonstrate a willingness to take calculated risks and then do everything possible to positively influence the odds for success
- They manage the process of building the business while introducing change, innovation and a new order in the marketplace
- Intrapreneurs are able to manage across the boundaries that exist in large, often bureaucratic organizations



# Types of Ideas

- Entirely new product or service
- New service based on current product
- Improved product or service
- Transported product or service
- Parallel competition
- Situation advantage – supply shortage, underutilized resource, market knowledge

## Types of Ideas (continued)

- Parent company, customer, government contract
- Going or bankrupt business for sale
- Partially started business or product
- Franchised product or service

# Commonly Cited Sources of Ideas

- Patents
- Government technology transfer
- Invention brokers and expositions
- Trade shows
- University and non-profit research

# More Likely Sources of Ideas

- Link with prior business or vocation
- Your own daily activities, observations, readings
- Acquisition of company or product already started
- Ideas rejected by another company
- Franchise purchase
- Venture with others seeking expertise
- Customers
- Professional contacts or friends
- Other entrepreneurs

# The Entrepreneurial/Intrapreneurial Process

- Idea Generation
- Opportunity Identification and Research
- “Business” Plan Development
- Obtaining Resources
  - Organization
  - Money/Assets
- Building the “Business”
- Sustaining the “Business”
- Harvest and Beyond

# Consider Ideas as Tools

An idea generates additional thinking, planning, and action that lead to revised ideas on the true opportunity

# Outline for Describing a New Venture Idea

- What
- How
- Who
- Why
- Where
- When

# The Experience Factor

- The 50,000 chunks
- Pattern recognition
- Seeing what others don't
- Knowledge transference
- Follow what you know
- Mousetrap Myopia
- Invention paralysis
- The improvement tightrope



# Criteria for Attractive Opportunities

## Market Issues

- Customers identified, reachable and enthusiastic
- Payback to customer is less than 1 year
- Market size of \$50M - 100M +
- Emerging or fragmented
- Growth of 25-50%
- Gross margins of 40-50% + and durable
- Attainable leading market share in 5 years at 20% +

# Criteria for Attractive Opportunities (cont)

## **Economic and Harvest Issues**

- Profit after tax greater than 10-15% and durable
- Time to breakeven of 2 years or less
- Time to positive cash flow of 2 years or less
- Return on investment of 25% + per year

# Criteria for Attractive Opportunities (cont)

## Competitive Advantage Issues

- Degree of control of prices, costs, channels of distribution is moderate to strong
- Lowest cost of production, marketing and distribution
- Barriers to entry
- Have (or can gain edge on) lead time advantage on technology, product, capacity or market innovation
- Have proprietary/exclusive intellectual property or contractual agreement

# Criteria for Attractive Opportunities (cont)

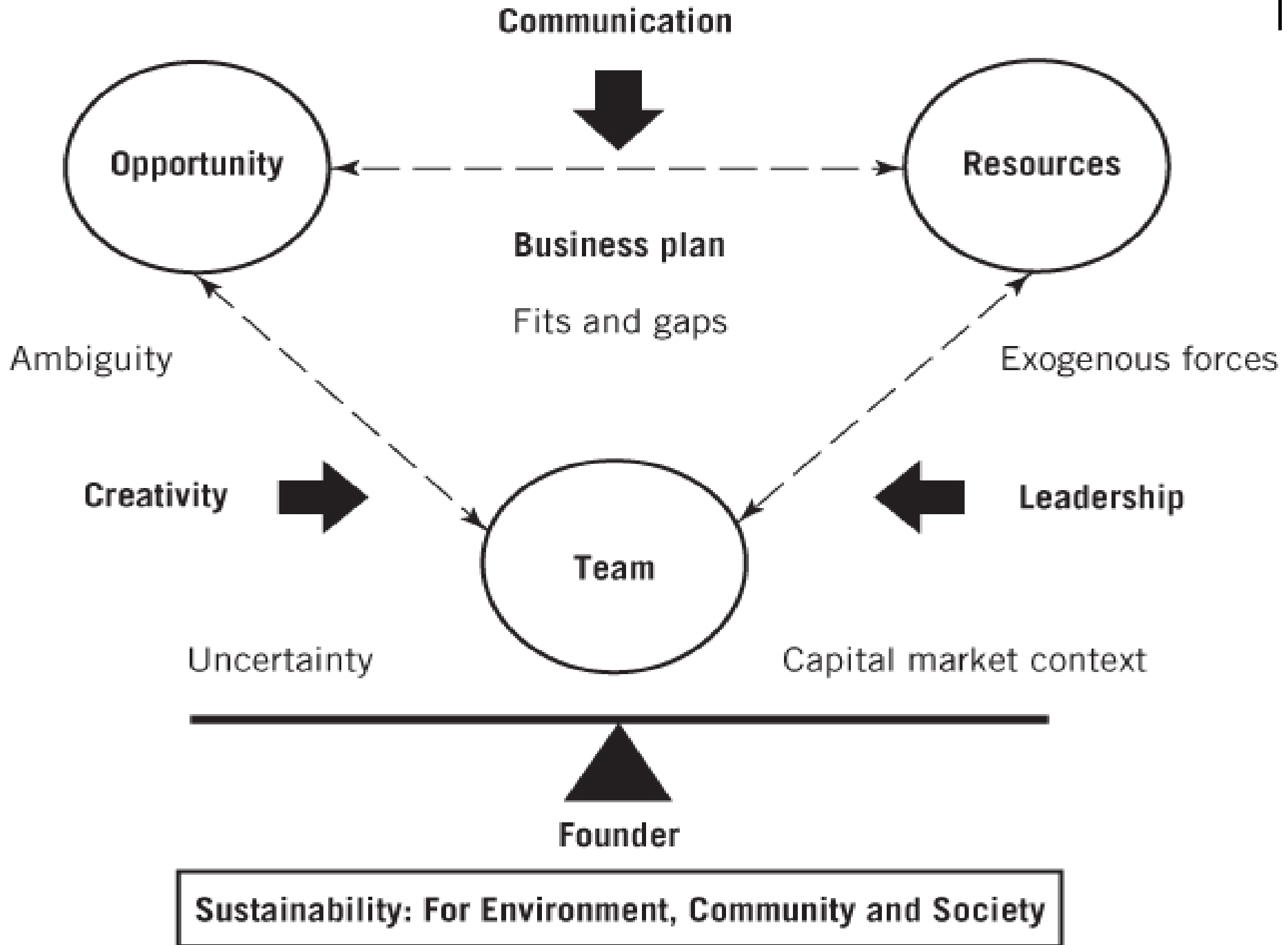
## **Management Team Issues**

- Relevant experience
- Motivation to excel, opportunity obsession
- Commitment, determination, persistence and passion
- Tolerance of risk, ambiguity and uncertainty
- Creativity
- Adaptability
- Courage
- Communication

# Criteria for Attractive Opportunities (cont)

## **Fatal Flaws**

- NONE



# New Venture Axioms

- Most new ventures are works in process and works of art
- Most business plans are obsolete at the printer
- Speed, adroitness of reflex, and adaptability are crucial
- The key to succeeding is failing quickly and recouping quickly
- Success is highly situational, depending on time, space, context, and stakeholders
- The best entrepreneurs specialize in making “new mistakes” only
- Starting a company is much harder than it looks, or you think it will be; but you can last a lot longer and do more than you think if you do not try to do it solo

# What is an Opportunity

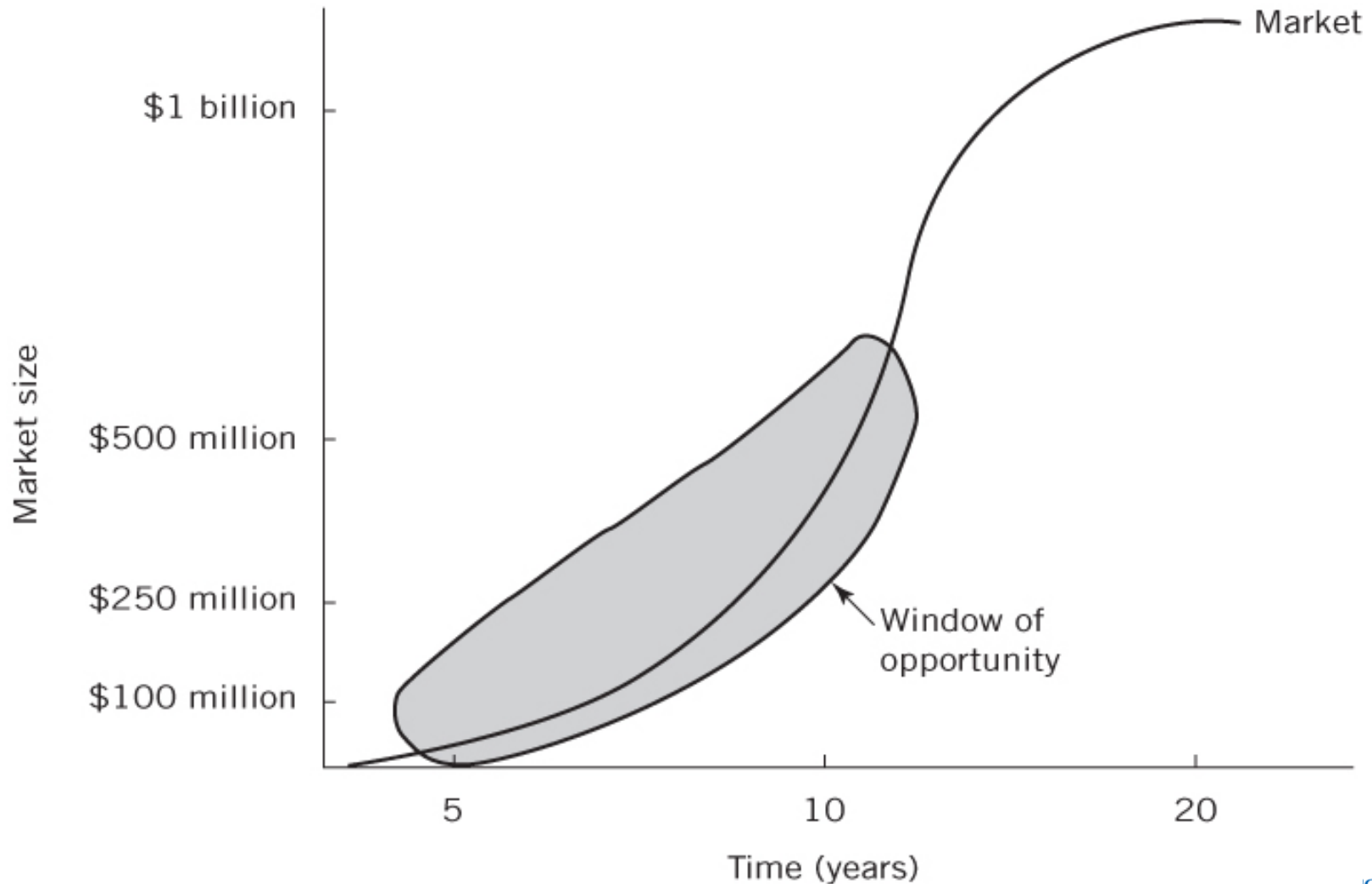
- Creates or adds significant value to a customer
- By solving a significant problem, removing a serious pain-point, meeting a significant need – for which someone will pay a premium
- Has a robust market, margin and money making characteristics that will allow the entrepreneur or intrapreneur to estimate and communicate value to potential stakeholders
- Is a good fit with the founding team at the time and market place
- Has an attractive risk-reward balance



# Sea Changes

- Technology sea change
  - Moore's Law
  - Metcalf's Law
  - Disruption
- Market sea change
  - Value chain disruption/obsolescence/vulnerability
  - Deregulation
- Societal sea change
  - Changes in ways we live, learn, work, etc.
  - Gilder's Law –  $10x^s$  in 10 years
- Brontosaurus factor
  - Arrogance
  - Loss of peripheral vision
  - Deadened reflexes – turning the tanker
- Irrational exuberance
  - Undervalued assets

# The Window of Opportunity



# The Go-To-Market Strategy

- The need satisfaction and the benefits of the product/service initially being offered
- The market niche being addressed
- The types of customers in that niche and the value they will derive
- How those customers will be approached initially
  - Promotion
  - Pricing
  - Distribution

# The Elevator Pitch

- 50-100 words
- What the product/service is
- What need/pain does it satisfy for what types of customers – the value proposition
- Points of comparison and differentiation
- Delivered with enthusiasm
- No jargon

# Congratulations!!