



P4E New Ventures 2
Kick-Off

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Center for Entrepreneurship and
Innovation



Who's in?

- BioMilq
- Lets Get a Move On
- Central Asian Council for Entrepreneurial Support
- Imperfect Vegie Bars

Entrepreneurship framework

Opportunity:

- Need
- Solution
- Sustainability
 - Competitive advantage
 - Founding team
 - Financial: risk & return

Plan:

- Strategy:
 - Target customers
 - Business model
 - Sustainable competitive advantage
 - Milestones / roadmap
- Operating plan:
 - Plan for each functional area
 - Budget

Execution:

- Market research & strategy
- Product design & development
- Marketing & sales
- Operations & infrastructure
- Financial management
- People management

Strategy in a new venture

Compared to corporate strategy

- Similar but different
- More and less freedom

Strategy involves making choices

- (Opportunity evaluation — gathering facts and analysis)
- Must formulate options — choose some / reject others

If you start with only bad alternatives, you will end up with a bad choice!

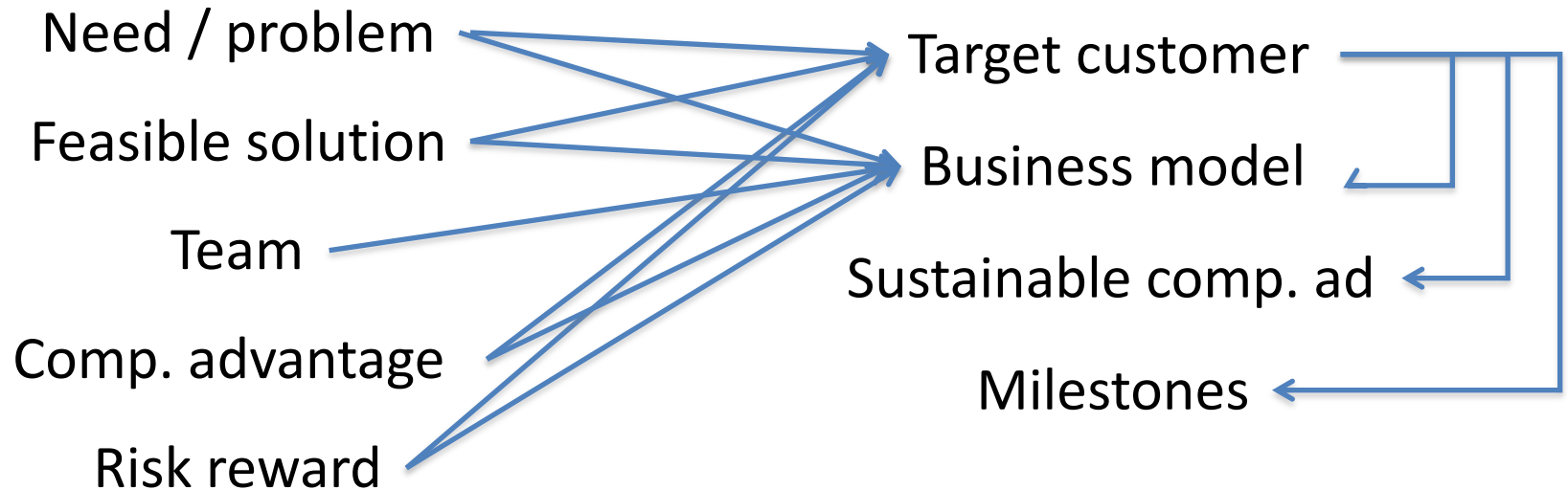
How are these related?

Opportunity evaluation

Fact gathering, analysis

Strategy

Decisions, choices: investment and priorities



Target customers

Start with formulating a choice:

- Start with universe of customers
- Needs-based segmentation
- Find identifying attributes

Then choose your target:

- What is the required solution? Can we deliver? Does it strengthen us?
- Ease of implementation for the customer
- Decision process
- Size of opportunity represented

A conceptualization

Value/
Differentiation

Good

Bad

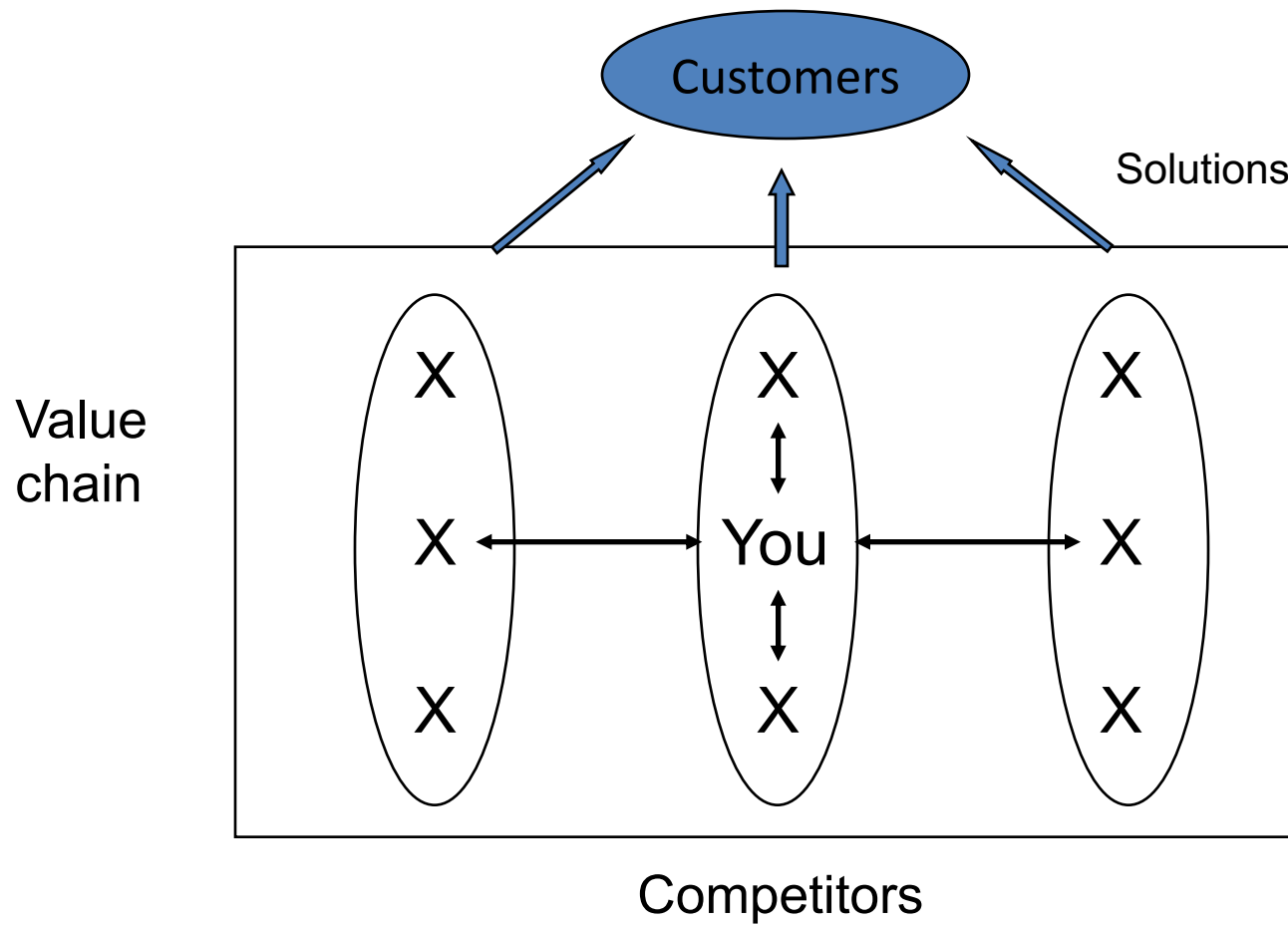
Difficulty / cost to
the company

Size of market also a consideration

Business model

- Product:
 - What is the “whole product” & what will your role be?
- Promotion
 - How will you create demand?
- Place:
 - How will you get your product to the customer?
- Price:
 - What is the perceived value?
 - What will customers pay for?
 - How do they want to pay?

Position

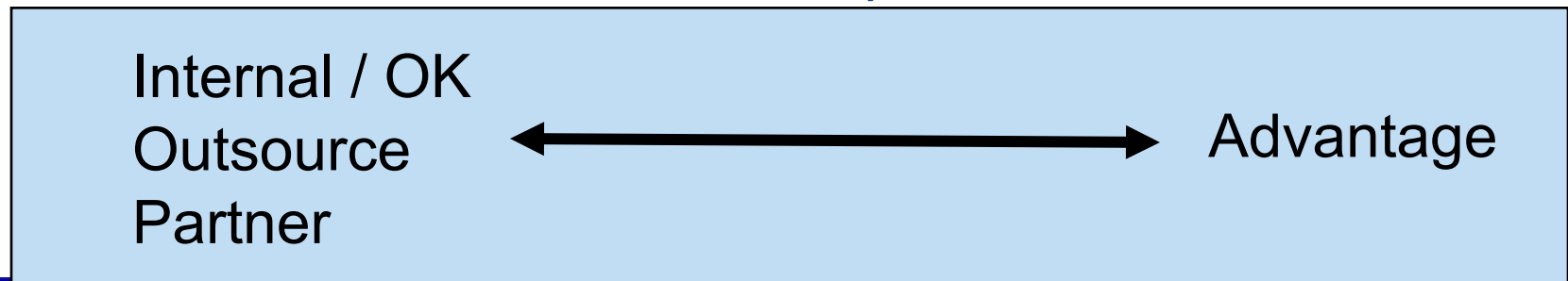


Competencies

Firms do many things

- Design / develop
- Manufacture
- Market
- Sell
- Service
- Hire
- Plan
- Payroll
- Manage inventory
-

Functions / capabilities



Apply the VRIN test

- Valuable
- Rare
- Inimitable
- Nonsubstitutable

Roadmap / milestone plannin

- You are probably wrong about something
- Can you make adjustments before you run out of resources — time and money?
 - Time is money, early money is expensive
- How efficiently you use capital determines your share, overall return, and possibly even success or failure.
- Imagine a series of big steps that increase your confidence
- These steps can constitute milestones for the venture:
 - And become the milestones in your financing plan

Lowest cost resolution of uncertainty

1. Identify the assumptions and discrete steps (elements of uncertainty) required for your venture.
2. Rank order the points of uncertainty (assumptions) in decreasing order of risk to the venture

$$\frac{\text{severity X probability}}{\text{cost}}$$

- This is the sequence of execution
 - Requires finding a way to resolve each point of uncertainty for the lowest cost (time and money).
3. Factor in any issues of overall timeliness and interdependencies.
 4. Use these milestones as a framework for your plan.
 5. Commit sufficient resource to achieve the next milestone.
 6. Make corrections as you learn (“pivot”).

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Keys to success

1. Organize: divide responsibilities / plan / track your progress.
2. Get started early - pace yourselves – stick to your plan.
3. **Get started early on the primary market research** – this will always take longer than you think.
4. Decide what is critical to making a go/no go decision and focus on that
5. Decide how you will make decisions in advance – don't wait for an issue to arise.
6. Be open and flexible – your specific idea may not be the ultimate idea.