

Venturing Forth: The Promise and Perils of Entrepreneurship

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Agenda

- Global and Regional Observations
- Indiana Challenges and Resources
- Venturing Forth—Key Components
- Key Thoughts for Entrepreneurs
 - Plan Boldly, Proceed Incrementally
 - Invoke VABs
 - Remember WHY!
- Conclusions

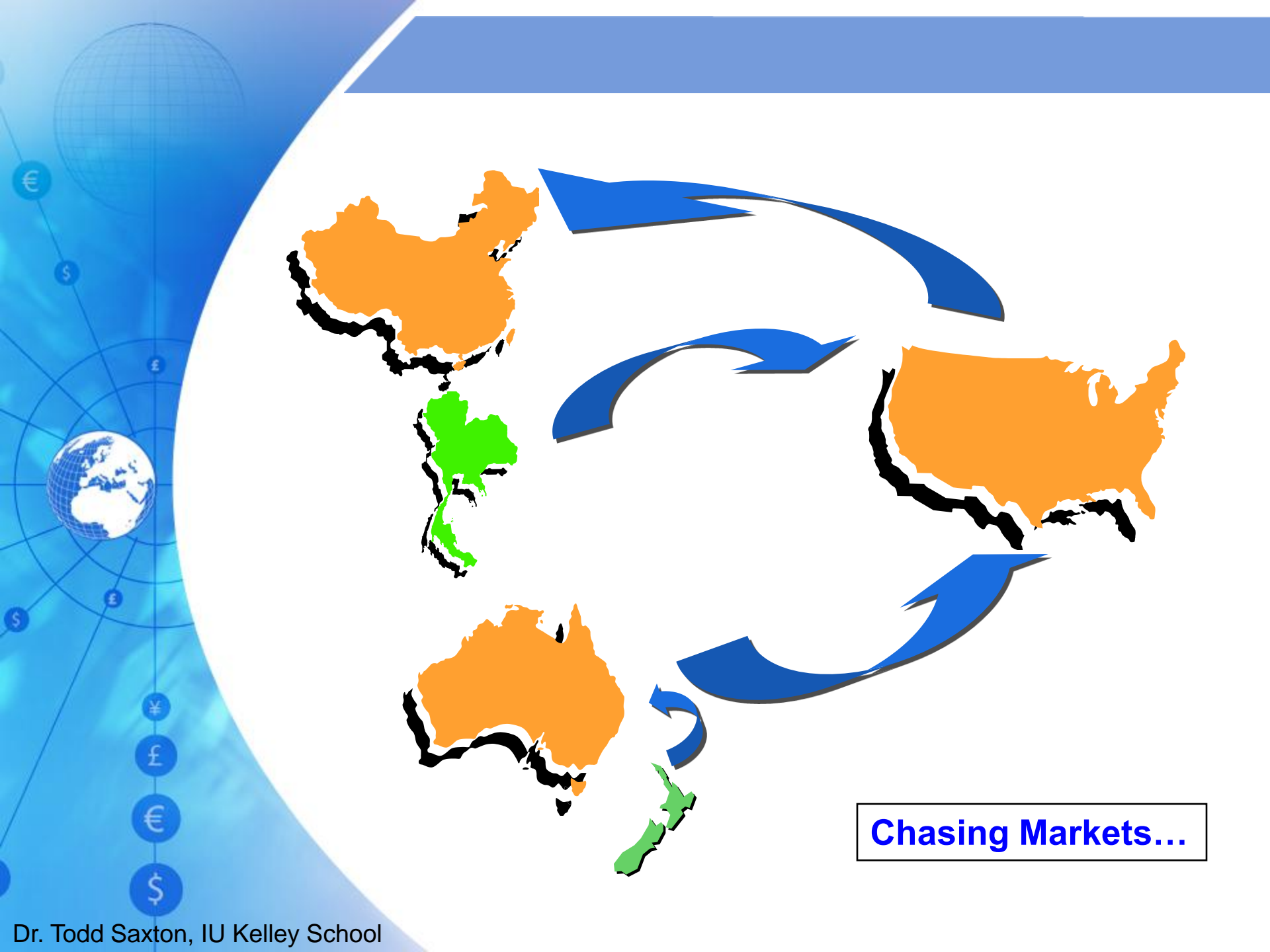
My own perspective on Entrepreneurship

- New ventures will drive growth and job creation--*globally*
 - Knowledge, innovation versus scale
 - Increasing access to a variety of capital
 - Not a zero-sum game
- “The Entrepreneur Next Door”
- Success must be in the hands of the founder
- Venture communities must be built one venture at a time
- Universities and governments can do as much harm as good
- We can improve the “Batting Average” for venture success
 - Entrepreneurs can be taught
 - Resources can improve the odds of success
 - Research is needed
- Corporate entrepreneurship plays an important role

Observations from Australia, New Zealand & Thailand

- Brain Drain—technologies and people to other countries, esp. United States
- Small critical mass of corporate entities
- Lack of infrastructure and assets
- Perception of conservative culture
- Lack of early stage capital
- Few mentors and experienced entrepreneurs with successful track records
- Feeling of inferiority relative to other countries
- IP protection challenges





Chasing Markets...

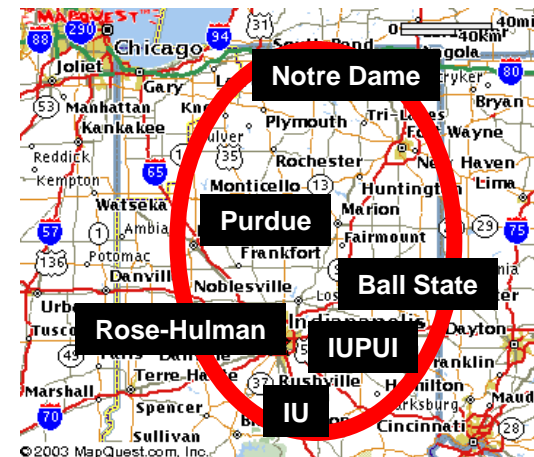
As a Midwestern state, Indiana has faced challenges in its own venturing efforts

- Brain Drain—technologies and people get acquired/lured to coasts
- Small critical mass in corporate entities, local Business to Business customers
- Infrastructure and assets in “old-line” business: Automotive, manufacturing
- Perception of conservative culture
- Lack of early stage capital
- Few mentors and experienced entrepreneurs with successful track records
- Feeling of inferiority relative to coasts



At the same time, Indiana has some important assets to leverage

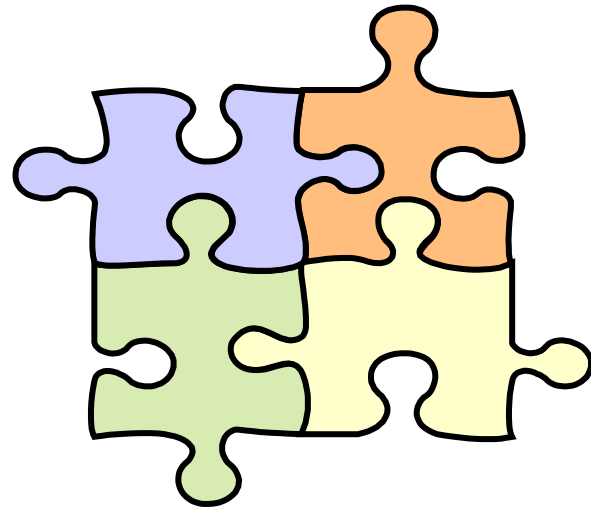
- Strong university presence
- Spirit of public/private cooperation
 - CICP, Biocrossroads, Conexus, Techpoint
 - Indiana Venture Center
 - IEDC
- Wealth of ideas and science base
- Good work ethic and quality of life
- Inexpensive relative to coasts
- Transportation and life sciences
 - Cook, Lilly, Roche
 - “Crossroads of America”
 - Amateur sports



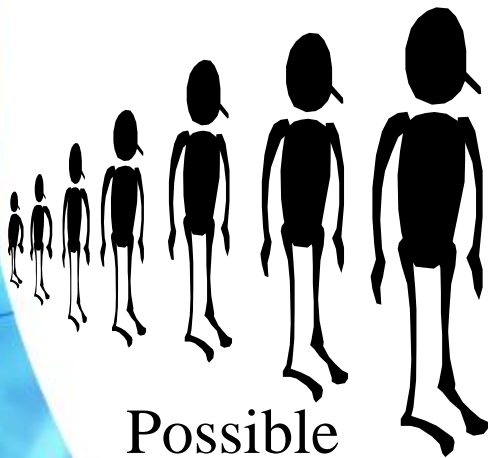
Indiana Is Not A Bad Place To Venture Forth!



Key venture components

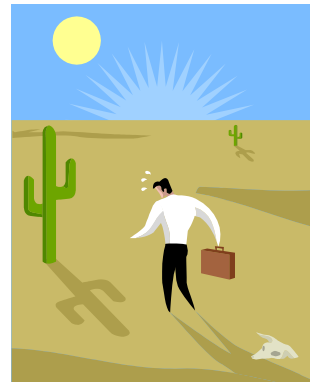


The critical path to venture creation involves many steps...but all struggle with the void between idea and success



Possible
Entrepreneurs

Death Valley



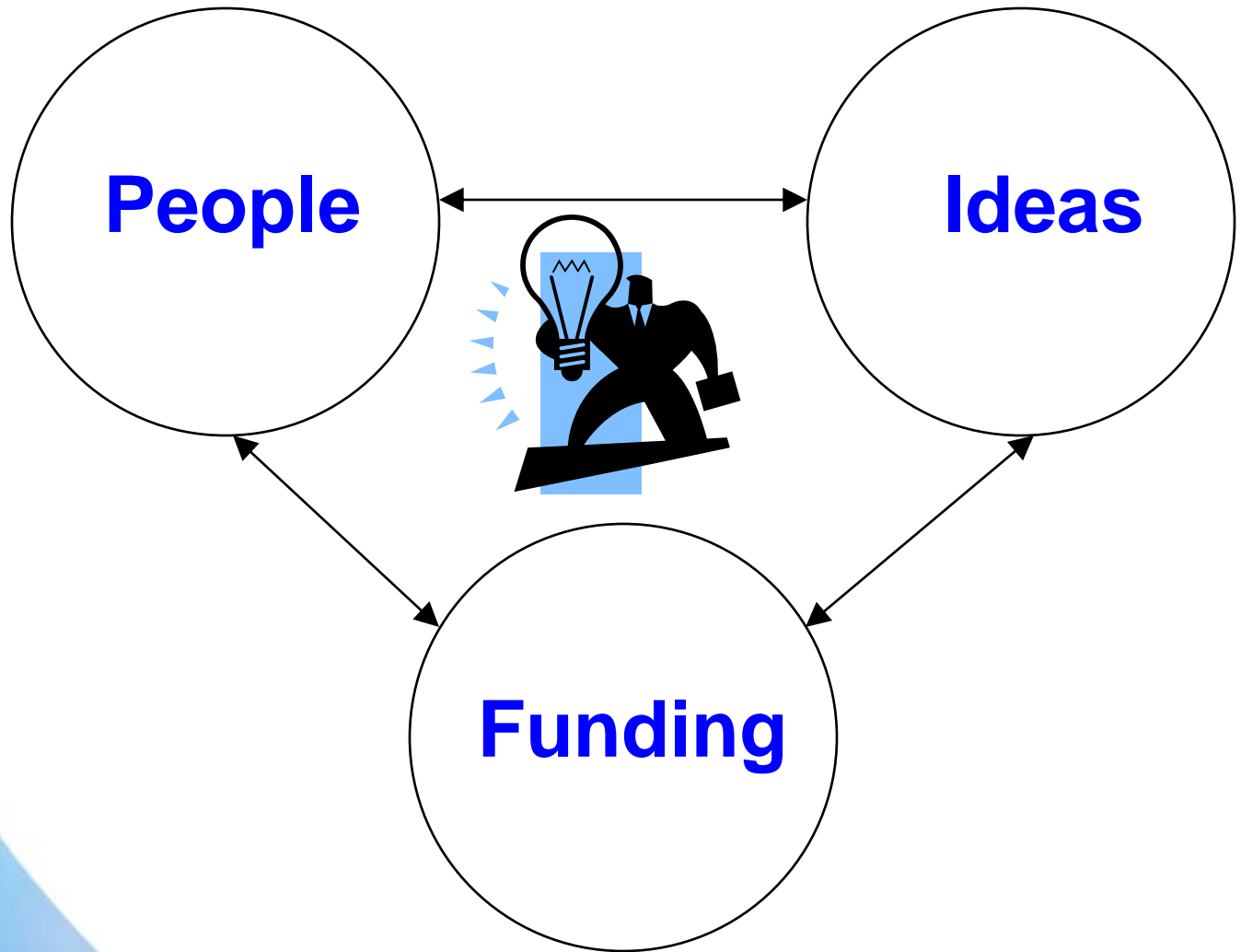
5-15 years

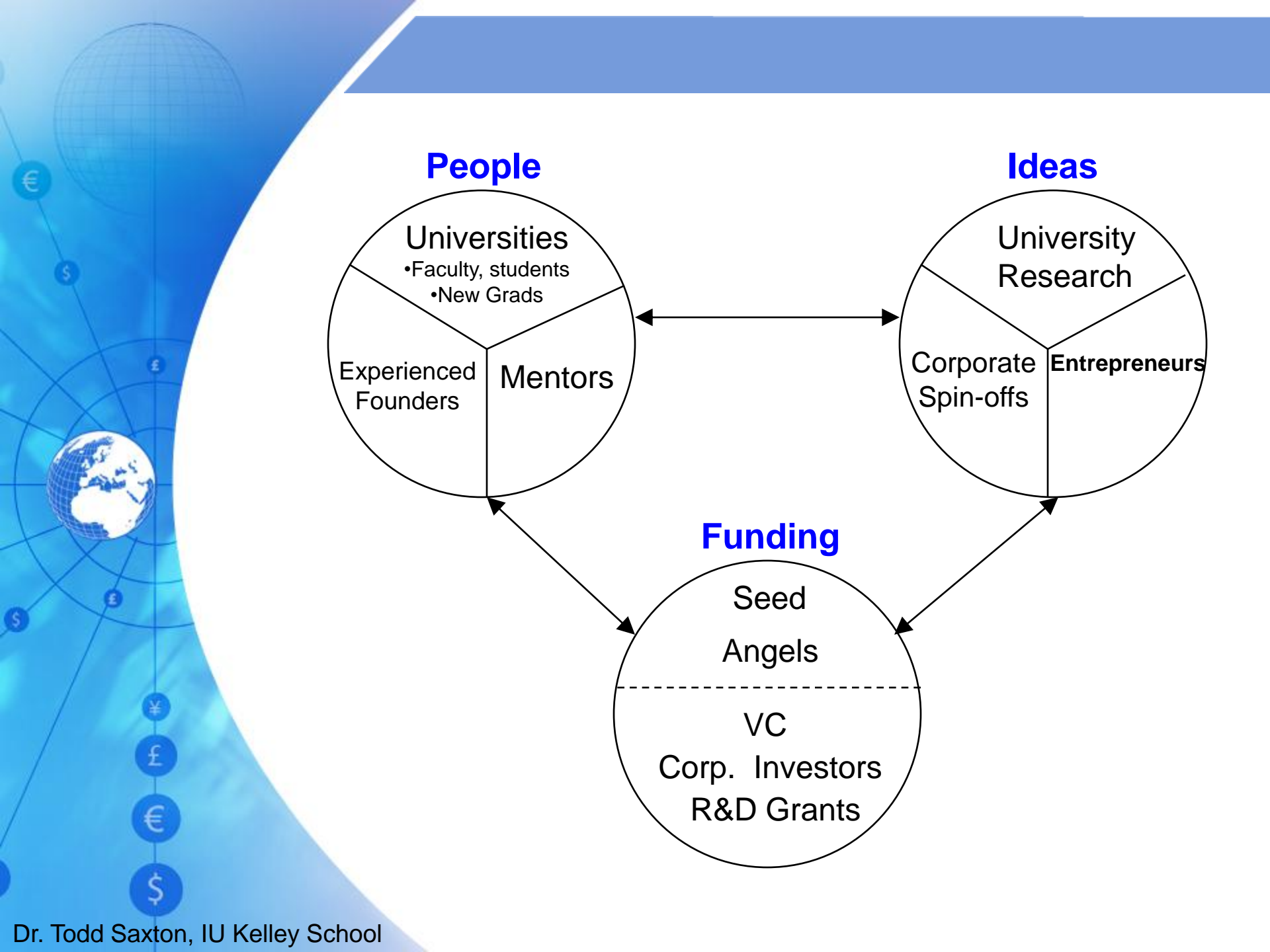


Launched
Ventures,
IPOs



The key ingredients of a successful venture include...



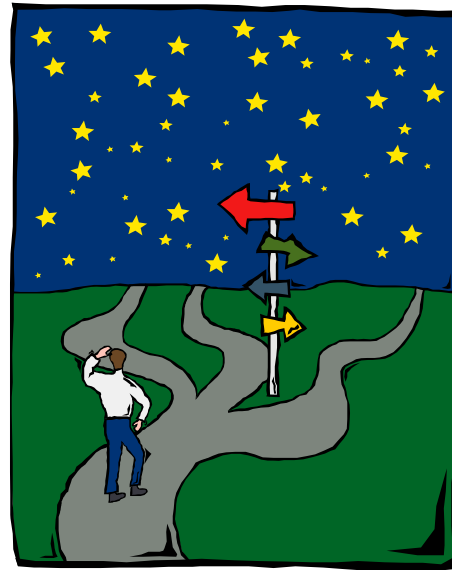


Recommendations for the entrepreneur in you (or your firm)...



Plan Boldly...Proceed Incrementally

A journey of 1,000 miles...



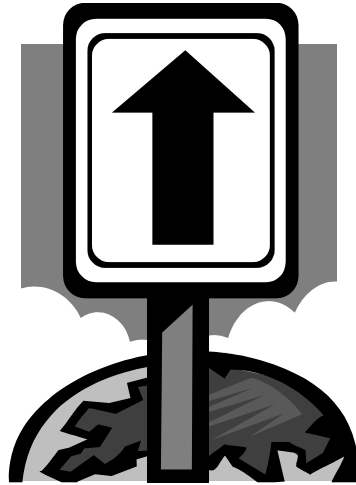
Begins with knowing where you are going!

Lead with strategy: But what is it?

*The process
of linking today's
choices and actions
with tomorrow's
destination
under uncertainty*



Good strategy is more like a set of sailing instructions than a road map...



Road Map...

- Top down
- Rational
- Inflexible
- The plan...



Be Bold!

Sailing instructions...

- Crew involved
- Iterative
- Flexible
- The process, with a vision

Build the plan incrementally

- **Concept Overview:** One page high level statement of the basic product, market, technology to share for feedback
- **Venture Profile:** 8-10 page elaboration of the product features and technology, target market, competition, management team, general sales and marketing model, next generation products and services
- **Business Plan:** Fully elaborated document for investors, management team with full business model and financials

Invoke VABs

Venture Advocate Behaviors

Voluntary behaviors members of the venture community provide to help a founder launch his/her business

- Product, human, financial, other
- Leverage help and resources



Turn stakeholders into ADVOCATES!

Remember WHY!

Know from the start your personal goals and objectives for starting the venture

- Steward versus agent



"He who has a strong enough *why* can endure almost any *how*..."

Friedrich Nietzsche, as quoted in Viktor Frankl's
"Man's Search for Meaning"

Corporate Entrepreneurship Models

- **Yahoo:** Brickhouse
- **Best Buy:** Internal “stock market”
- **Lilly:** Corporate ventures, others
- **Core Values—Can’t *create* culture**
- **Spinouts and Spin-ins**
- **Employee sabbaticals**
- **Incentive mix—risk versus uncertainty**
- **Employees as Stewards**



Conclusions

- Venture creation is *hard* and *chaotic*
- A variety of formal and informal mechanisms can help founders improve on their odds for success
 - Government can break down barriers, should not over-engineer
 - Universities can help in education and providing resources
 - Indiana is a good place for venturing forth
- Building all components is essential to negotiate *Death Valley*
 - Ideas
 - People
 - Funding
- Three thoughts for entrepreneurs
 - Plan Boldly, Proceed Incrementally
 - Invoke VABs
 - Remember WHY!
- And a challenge...

Resources

- Venture Club of Indiana: www.ventureclub.org
- Indiana Venture Center: www.indianaventurecenter.org
- IEDC: www.in.gov/iedc
- CICP: www.cincorp.com
- IU Kelley School in Indy:
 - Venturing: tsaxton@iu.edu (Todd Saxton)
 - Operations and Supply Chain: tatikond@iu.edu (Mohan Tatikonda)