New Venture Timeline

Idea
Pre-seed
Seed
Start-up
Expansion

Impact
M&A
IPO

Product / Technology, Market, Team / Execution & Legal / Regulatory Risks

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“New Venture 101”


Product? Service? Both?

Value

Company

Customer

Applies to both For-Profit and Non-Profit

- Costs

Profits
Venture Development: 3 Parallel Tracks

Company / Team (Execution)

Technology - Team Fit

Product / Technology

Market - Team Fit

Market (Biz Model)

Product – Market Fit
(Value Proposition & Value Chain Position)

What?

Why?

How?
Key Stakeholders Perspectives

- Investors & Financial Backers
- Customers
- Partners
- Employees
- Gov’t Agencies & Regulators
What Characterizes a Value Proposition?

Value propositions describe the **WHAT** you are providing, to **WHOM** you are providing it, and **HOW** it solves the customer’s problem

…and **WHY** it is better, faster and / or cheaper than competitive offerings (i.e., **differentiated offering**)
We sell **A** {our product} to **B** {your customer: the person or entity who will pay you money}.*

Our customer has a problem and it is **C** {describe the problem}.

We solve this problem by **D** {describe how you solve their problem AND WITH WHAT DIFFERENTIATORS!}

* If you are not actually selling a product right now, speak as if you are. Most of you are not yet selling a product.
Exercise #1: Value Proposition Presentations

We sell A {our product} to B {your customer: the person or entity who will pay you money}.*

Our customer has a problem and it is C {describe the problem}.

We solve this problem by D {describe how you solve their problem AND WITH WHAT DIFFERENTIATORS!}

Are they succinct about their product?
Are they specific about who their customer is?
Are they convincing about the problem? And is this a problem for their customer…or is it some other problem?
Are they addressing the problem with their solution?
Do they differentiate their product (“faster, better, cheaper” etc.) and do they quantify those differentiators (25% cheaper, 10% faster etc.)?
Market Positioning

• Who are your customers? End users?
• Who are your suppliers? Strategic partners?
• What is your position(s) in the industry value chain?
• How do you capture the optimum value from the value chain?
Customer Segments

• What kinds of customers do you serve?
• For whom are you fulfilling a need?
• Does the value proposition fit their needs?

Example: Flubber!!
Industry Dynamics

Value Chain

Firms in Other Industries Offering Substitute Products

Competitive pressures coming from the market attempts of outsiders to win buyers over to their products

Rivalry among Competing Sellers

Competitive pressures created by the maneuvers or rival sellers for better market position, increased sales and market share, and competitive advantage

Competitive pressures stemming from supplier bargaining power

Competitive pressures stemming from buyer bargaining power

Competitive pressures coming from the threat of entry of new rivals

Potential New Entrants

Suppliers of Raw Materials, Parts, Components, or Other Resources Inputs

Competitive pressures stemming from supplier bargaining power

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Value Chain: Automotive Industry

Raw Materials
- Rubber
- Oil
- Sand
- Iron Ore
- Cotton

Materials & Components
- Glass
- Steel
- Plastic
- Wire
- Fasteners
- Windows
- Tires
- Fabric

Sub-Systems
- Engine
- Batteries
- Shocks
- Lights
- Navigation
- Entertainment
- Fuel Pump

Tier 2 / 3

Tier 1
- Electrical
- Ignition
- Braking
- Transmission
- Suspension
- Information

OEM’s
- Ford
- GM
- Toyota
- BMW
- Tesla

Dealer

Customer

Most companies

Tesla

Ford (circa 1920’s)

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