The Good, the Bad and the Ugly about Start-up Career

aka start-up needs to get funded

Charleston Sin, PhD

Executive Director

Cisco HQ in San Jose in California

222 Acquisitions in 30 years
Revenue in 2022 -- US$52B

Cisco HQ in San Jose in California

Apple Park in Cupertino, CA

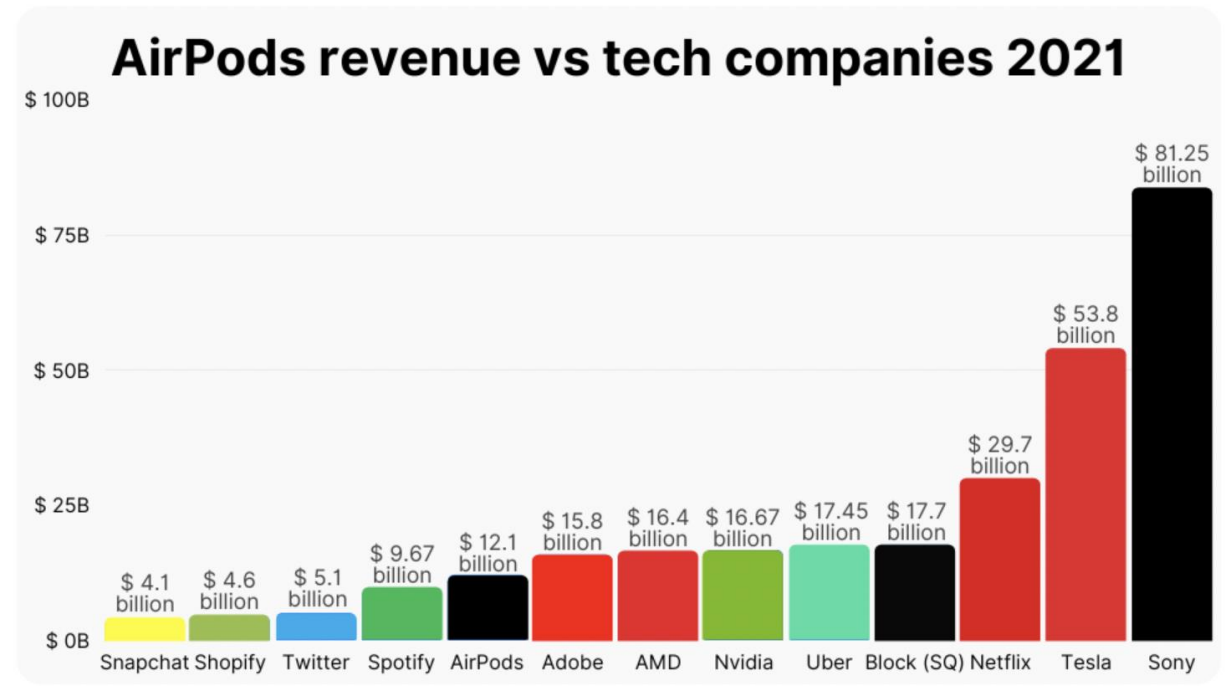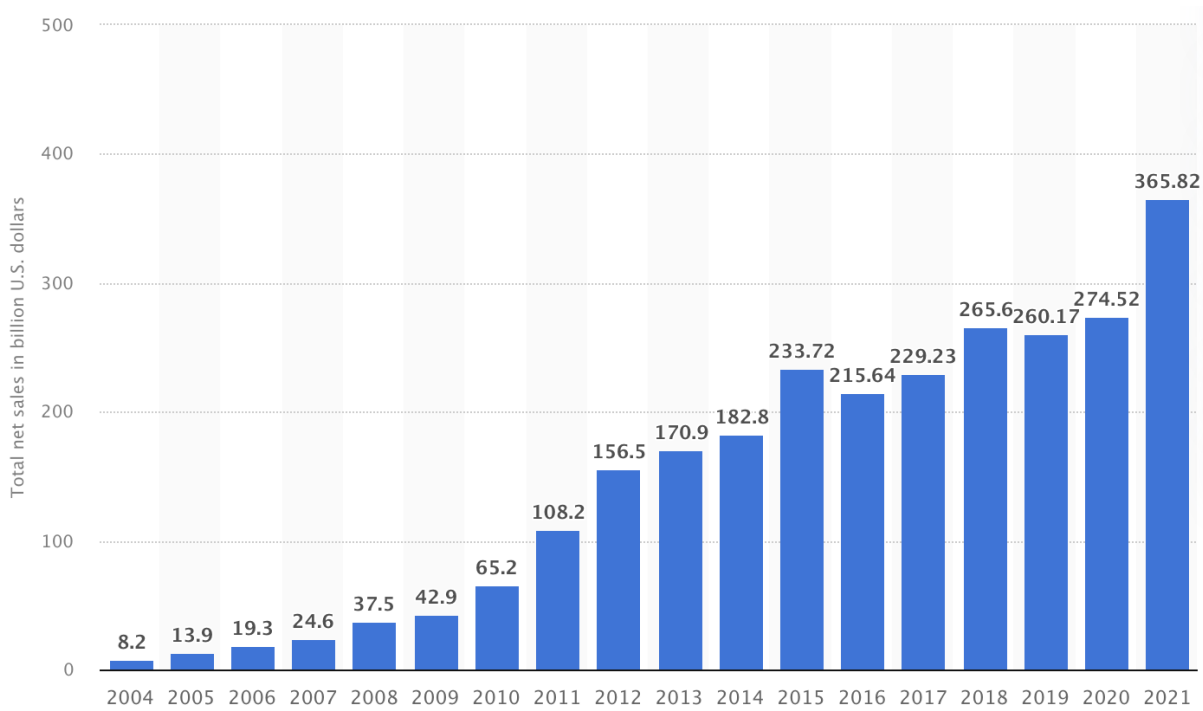October 23, 2001

March 21, 2007

April 3, 2010

April 24, 2015

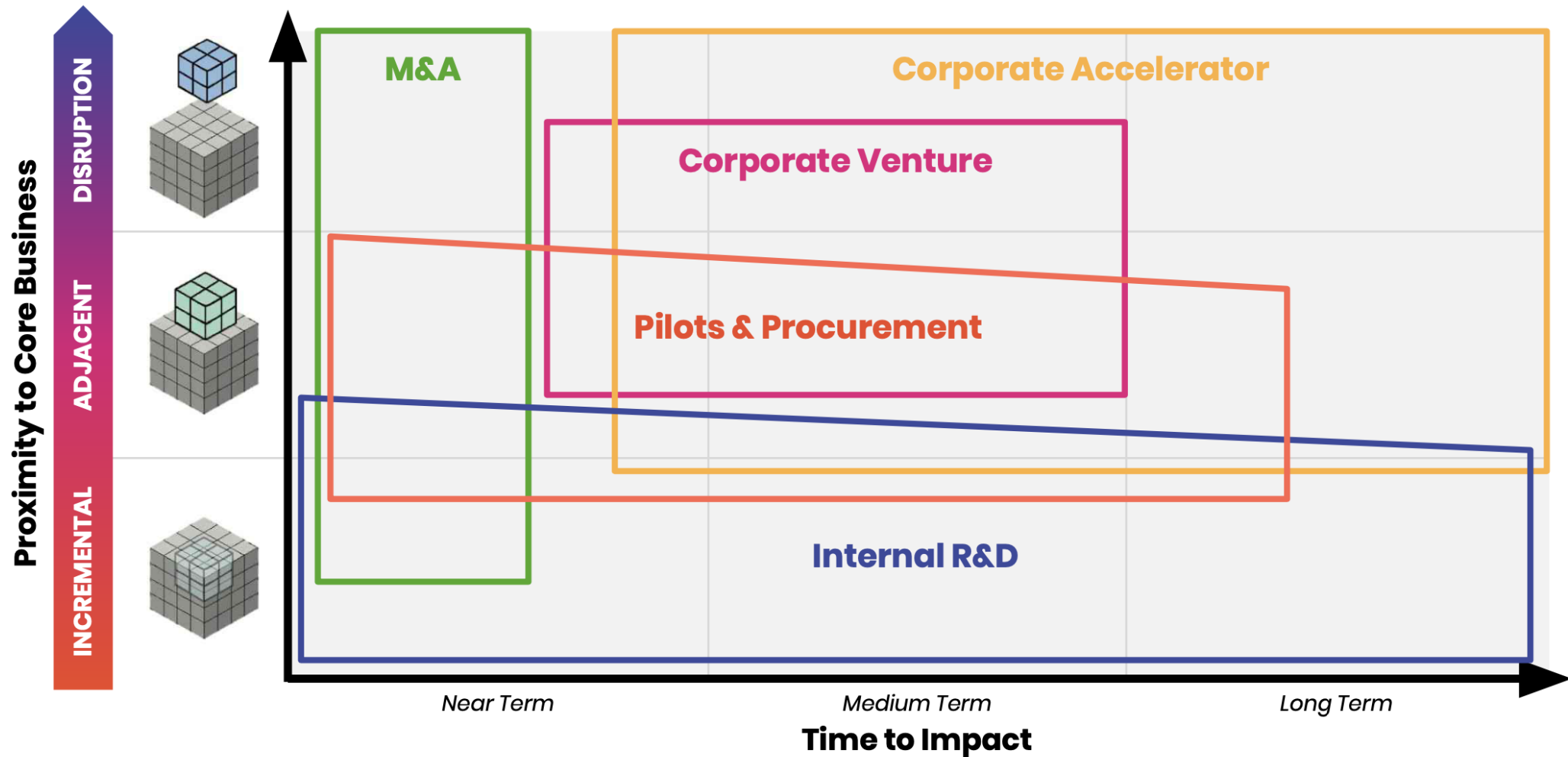January 9, 2001
July 10, 2008

June 27, 2007

December 13, 2016

Total net sales in billion U.S. dollars

Year	Value
2004	8.2
2005	13.9
2006	19.3
2007	24.6
2008	37.5
2009	42.9
2010	65.2
2011	108.2
2012	156.5
2013	170.9
2014	182.8
2015	233.72
2016	215.64
2017	229.23
2018	265.6
2019	260.17
2020	274.52
2021	365.82

AirPods revenue vs tech companies 2021

Company	Revenue
Snapchat	$ 4.1 billion
Shopify	$ 4.6 billion
Twitter	$ 5.1 billion
Spotify	$ 9.67 billion
AirPods	$ 12.1 billion
Adobe	$ 15.8 billion
AMD	$ 16.4 billion
Nvidia	$ 16.67 billion
Uber	$ 17.45 billion
Block (SQ)	$ 17.7 billion
Netflix	$ 29.7 billion
Tesla	$ 53.8 billion
Sony	$ 81.25 billion

Distributed Innovation in Practice

A distributed approach to innovation complements internal methods with startup engagement through accelerators, pilots, investments and potentially M&A to explore disruptive technologies and business models early on.

Proximity to Core Business

DISRUPTION · ADJACENT · INCREMENTAL

- **M&A**
- **Corporate Accelerator**
- **Corporate Venture**
- **Pilots & Procurement**
- **Internal R&D**

Near Term — *Medium Term* — *Long Term*

Time to Impact

brinc

Pressure NOT coming from Traditional Competitors

Competitors from Little, Entirely Digital Startups
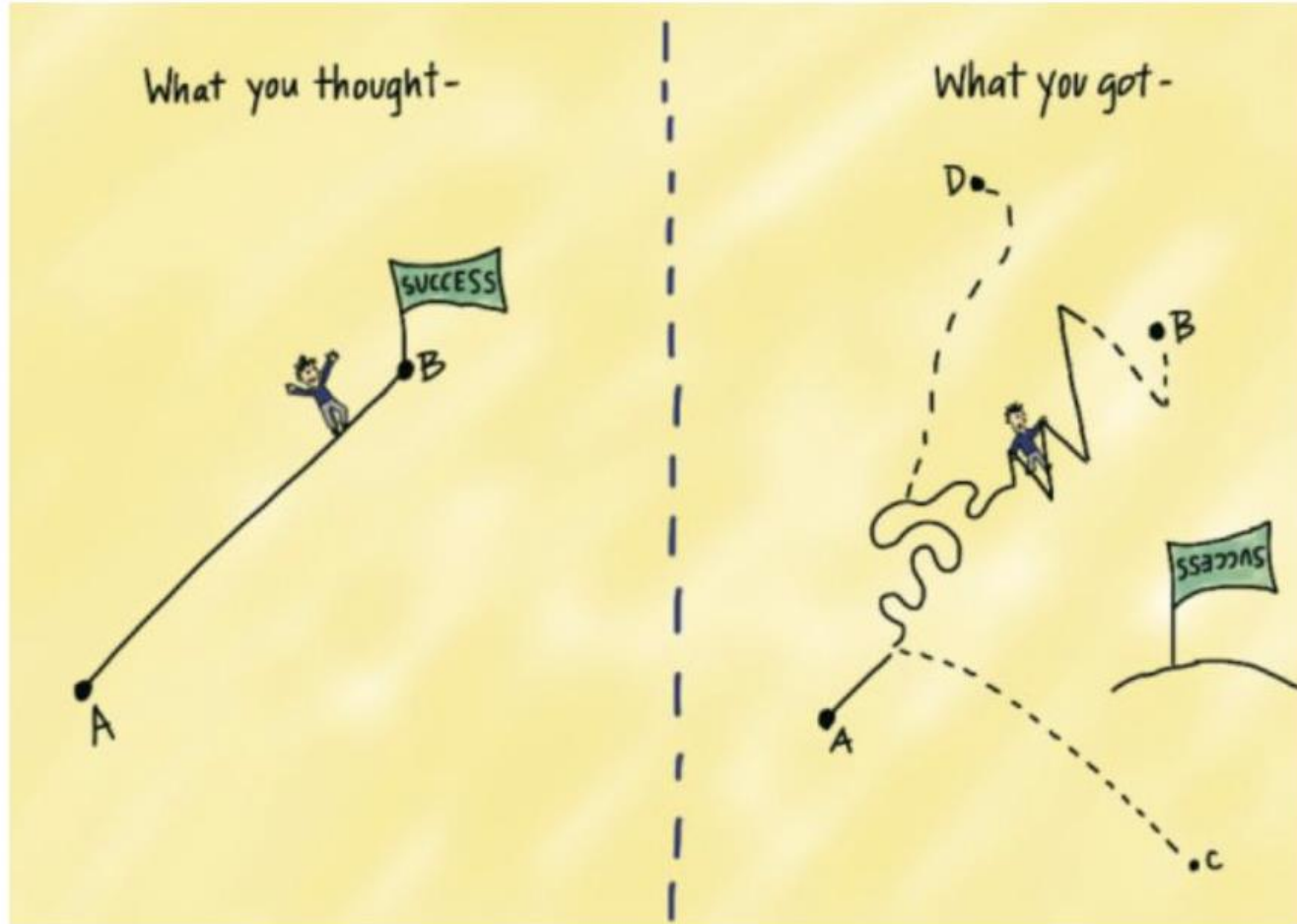
Being an entrepreneur is the new cool thing.

Technology Entrepreneurship =

Invention/Innovation/Idea + Commercialization

Technological

Sustainable Business Plan

ENTREPRENEURSHIP …

What you thought-

What you got-

SUCCESS

D

B

A

B

SUCCESS

A

C

When you're ready to quit, you are closer than you think.
– Bob Parsons

What is Entrepreneurship?

https://www.youtube.com/watch?v=wbQDeP5w7C4

THE MIT STARTUP FRAMEWORK

DISCIPLINED ENTREPRENEURSHIP
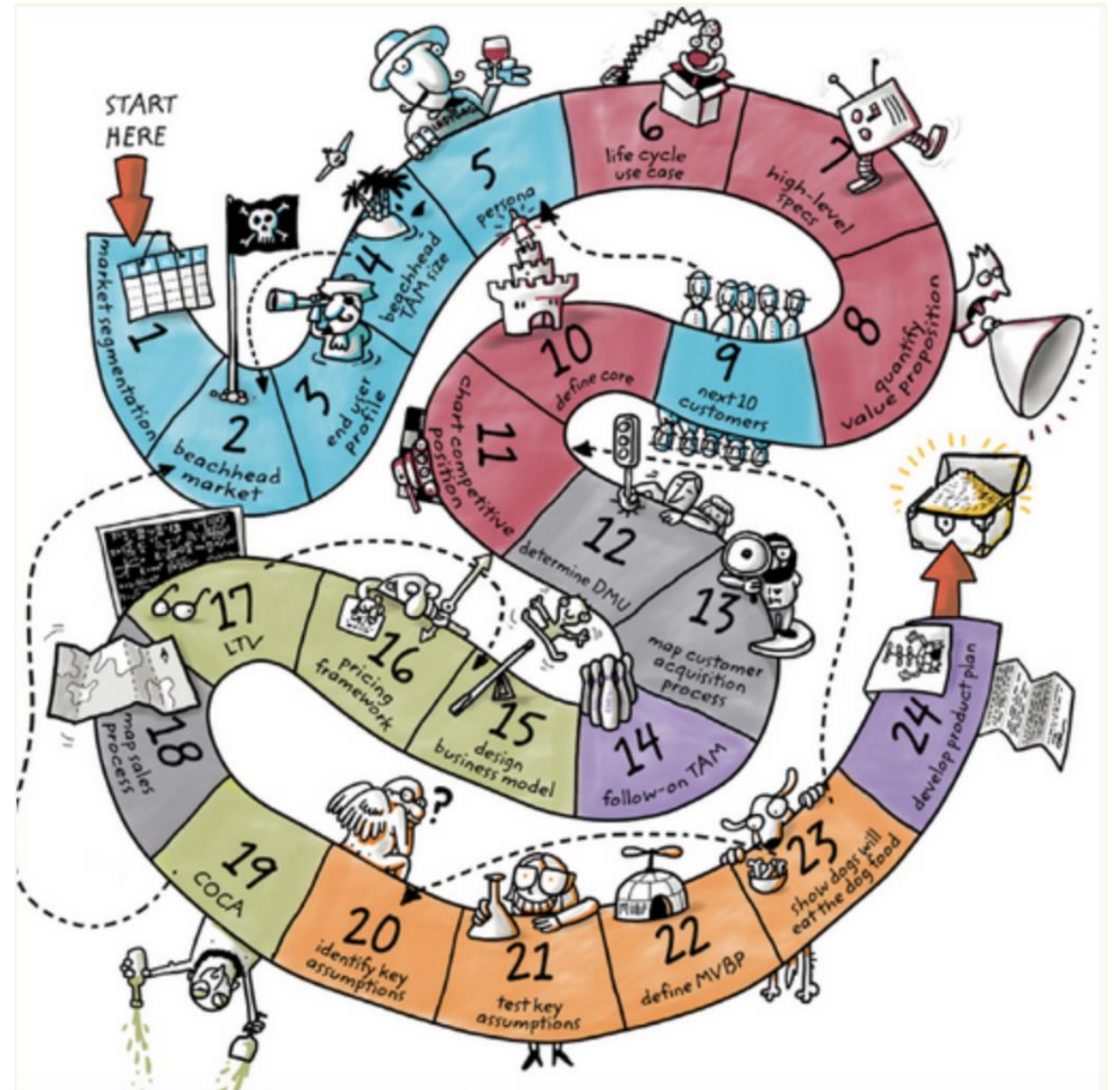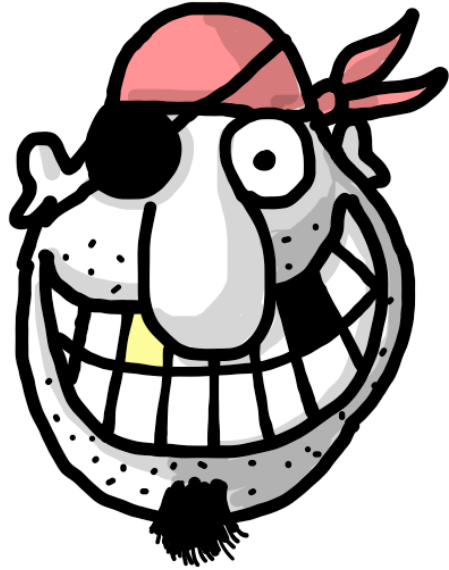
Spirit

of a pirate

Skills

of a Navy Seal

WHO IS YOUR CUSTOMER?

1. Market Segmentation
2. Select a Beachhead Market
3. Build an End User Profile
4. Calculate the TAM Size for the Beachhead Market
5. Profile the Persona for the Beachhead Market
9. Identify Your Next 10 Customers

WHAT CAN YOU DO FOR YOUR CUSTOMER?

6. Full Life Cycle Use Case
7. High-Level Product Specification
8. Quantify the Value Proposition
10. Define Your Core
11. Chart Your Competitive Position

HOW DOES YOUR CUSTOMER ACQUIRE YOUR PRODUCT?

12. Determine the Customer's Decision-Making Unit (DMU)
13. Map The Process to Acquire a Paying Customer
18. Map the Sales Process to Acquire a Customer

HOW DO YOU MAKE MONEY OFF YOUR PRODUCT?

15. Design a Business Model
16. Set Your Pricing Framework
17. Calculate the Lifetime Value (LTV) of an Acquired Customer
19. Calculate the Cost of Customer Acquisition (COCA)

HOW DO YOU DESIGN & BUILD YOUR PRODUCT?

20. Identify Key Assumptions
21. Test Key Assumptions
22. Define the Minimum Viable Business Product (MVBP)
23. Show That "The Dogs Will Eat the Dog Food"

HOW DO YOU SCALE YOUR BUSINESS?

14. Calculate the TAM Size for Follow-on Markets
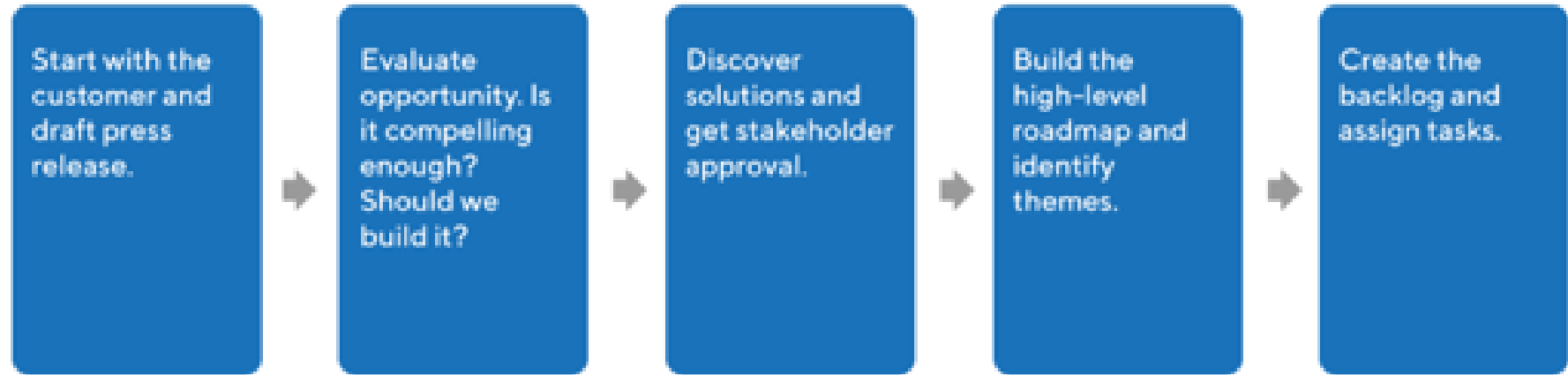24. Develop a Product Plan

Go-To Technique for Mechanisms: Working Backwards

One of Amazon's most widely known go-to innovation mechanisms is "working backwards." The technique is used to help employees envision the future end state for new products or services from a customer perspective, and work backwards from this future vision to determine how to design and develop the offering. In the working backwards process, an employee begins by developing a short, fictional press release about the launch of the future product.
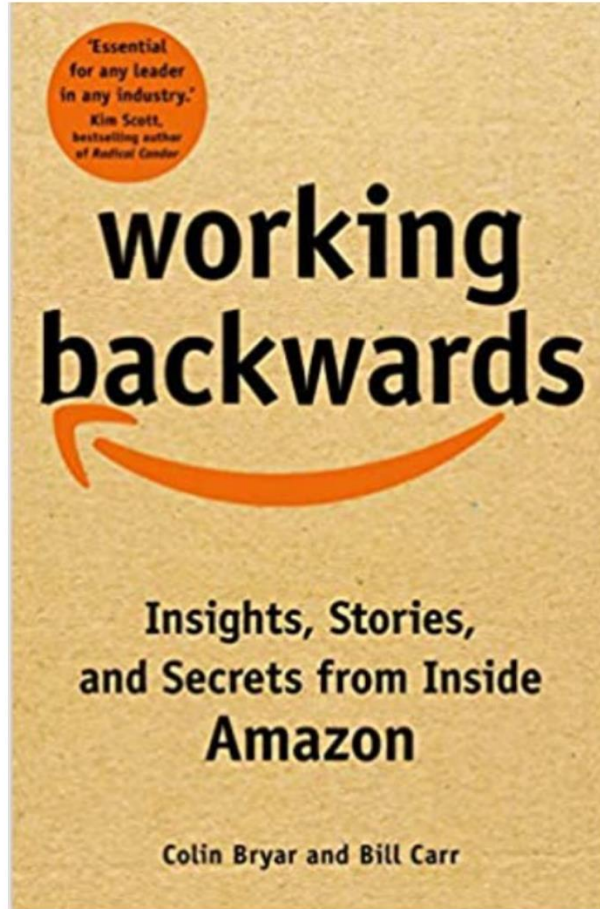
Amazon's Working Backward Method

| Start with the customer and draft press release. | Evaluate opportunity. Is it compelling enough? Should we build it? | Discover solutions and get stakeholder approval. | Build the high-level roadmap and identify themes. | Create the backlog and assign tasks. |

The press release is accompanied by a list of frequently asked questions that arise during peer review, along with their answers. The FAQ list includes questions that customers might have, as well as answers that internal stakeholders or developers might need to know. This exercise also encourages employees to think about the qualitative and quantitative benefits of their solutions and the measurable impact and results they can drive for the customers.

The third component is a set of visuals — for example, screen mockups or visuals of customers interacting with the technology. These three artifacts become the proposal for further funding and development.
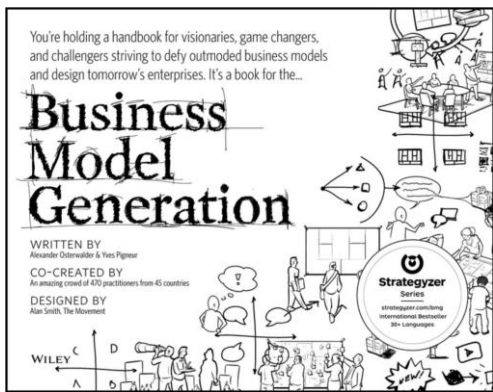
9 Business Model Building Blocks

- **Channels**   ==How to reach your customer?==
  - How a company communicates with and reaches its Customer Segments to deliver a Value Proposition
- **Revenue Streams**
  - The cash a company generates from each Customer Segment
- **Value Propositions**
  - The bundle of products and services that create value for a specific Customer Segment
- **Customer Relationships**   ==How do you get closer to your customers?==
  - The different groups of people or organizations an enterprise aims to reach and serve
- **Key Resources**
  - The most important assets required to make a business model work
- **Customer Segments**   ==Who is your target customers?==
  - An organization serves one or several Customer Segments
- **Key Activities**
  - The most important things a company must do to make its business model work
- **Cost Structure**
  - All costs incurred to operate a business model
- **Key Partnerships**
  - The network of suppliers and partners that make the business model work

商業模式圖

The Business Model Canvas

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS:
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES
1. Awareness
  How do we raise awareness about our company's products and services?
2. Evaluation
  How do we help customers evaluate our organization's Value Proposition?
3. Purchase
  How do we allow customers to purchase specific products and services?
4. Delivery
  How do we deliver a Value Proposition to customers?
5. After sales
  How do we provide post-purchase customer support?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE:
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
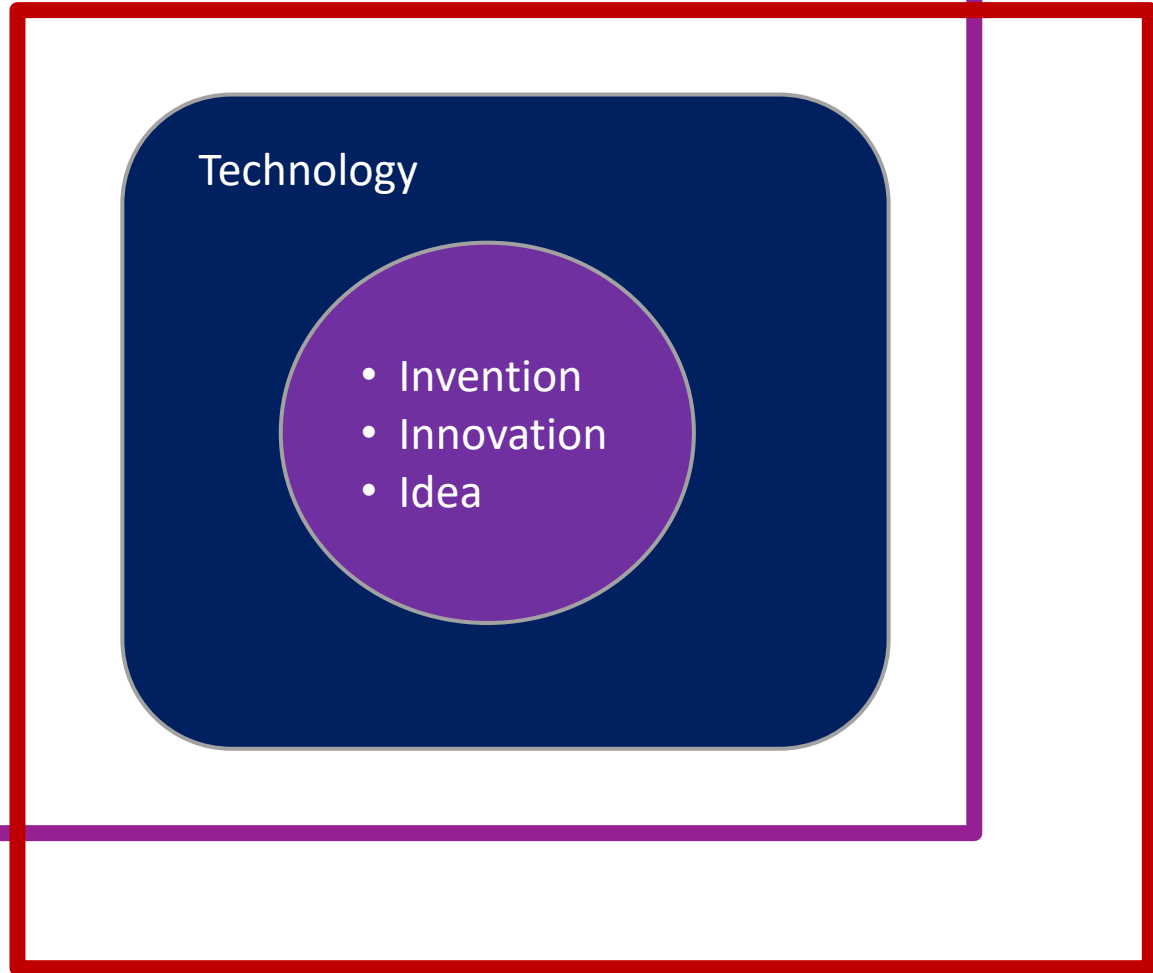How much does each Revenue Stream contribute to overall revenues?

TYPES:
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation (bargaining)
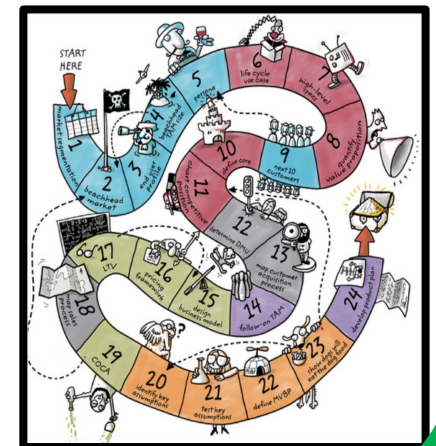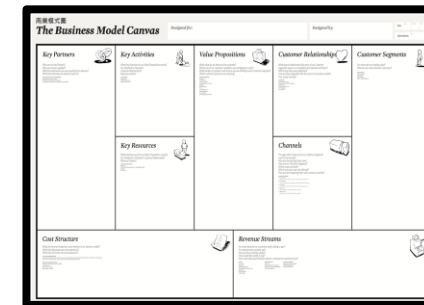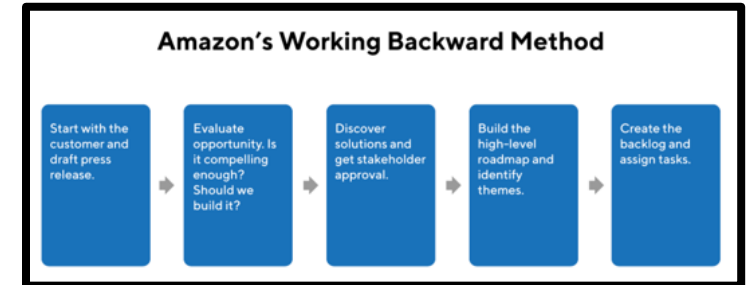*Yield Management*
Real-time-Market

Build Infrastructure **Value Creation**

Corporate Entrepreneurship

Toolkits

Technology

- Invention
- Innovation
- Idea

StartUp Entrepreneurship

MIT Hong Kong Innovation Node

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