

Success Factors in Technology-based Entrepreneurship

These slides are part of the article by
Professor John Preston and are referred to in the text.

Success Factors Commercialization of Radical Innovations and Building Successful High-Tech Companies

- Attitudes
- Management Teams
- Patents and Sustainable Advantage
- Passionate Behavior
- Quality Investors
- Product Quality and Speed to Market
- Flexibility
- Location of the Company

Attitudes: Large Companies vs. Small

- IBM
- Western Union
- Napoleon and Robert Fulton
- Radical Innovation Never Originates with the Market Leader
 - Example: Thomas Edison

Management Teams

- Value of Teams of Entrepreneurs
- Best and Brightest
- Complementary Skills

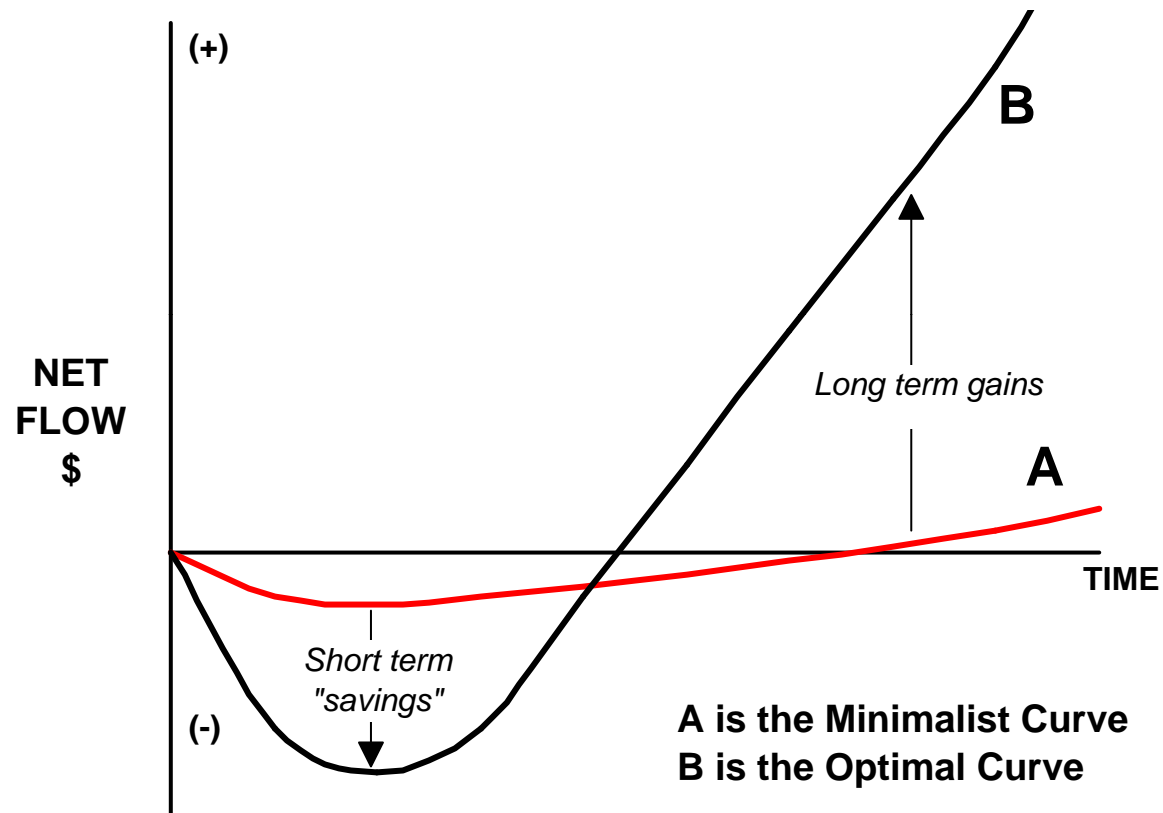
Passionate Behavior

- Distributed Ownership
 - Southwest Airlines, Lotus Development

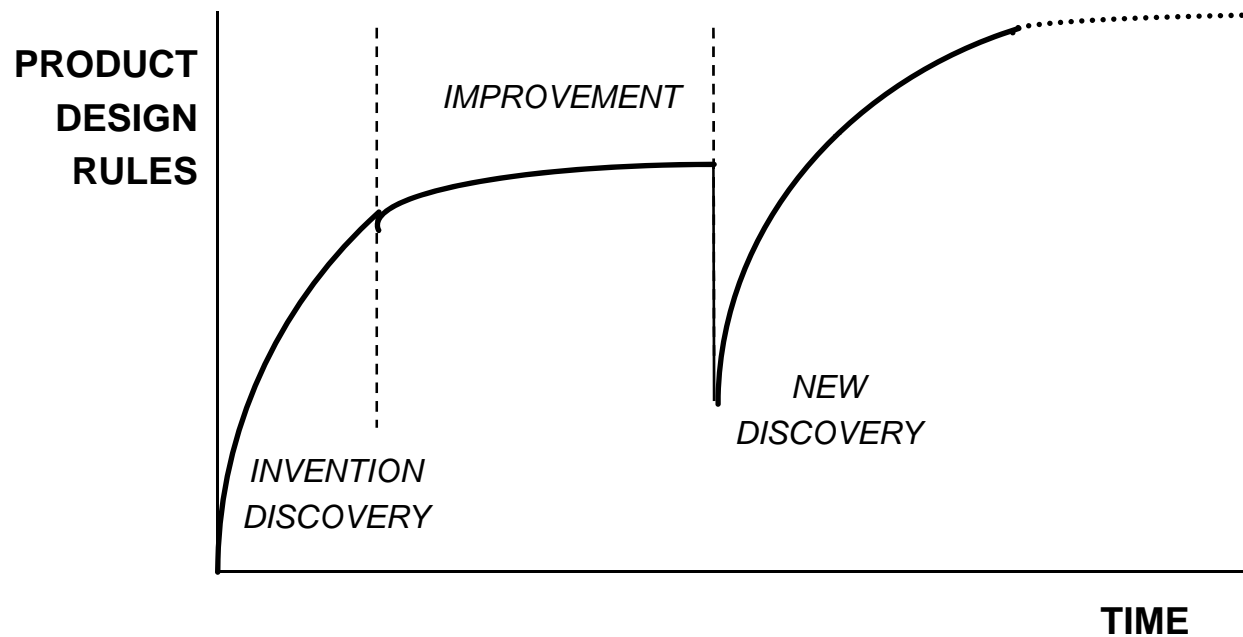
Investors

- Provide Leverage
 - Open Doors (Genentech)
 - Deep Pockets
 - Hands On
 - Sufficient Long Term Capital to be on the “B” Curve

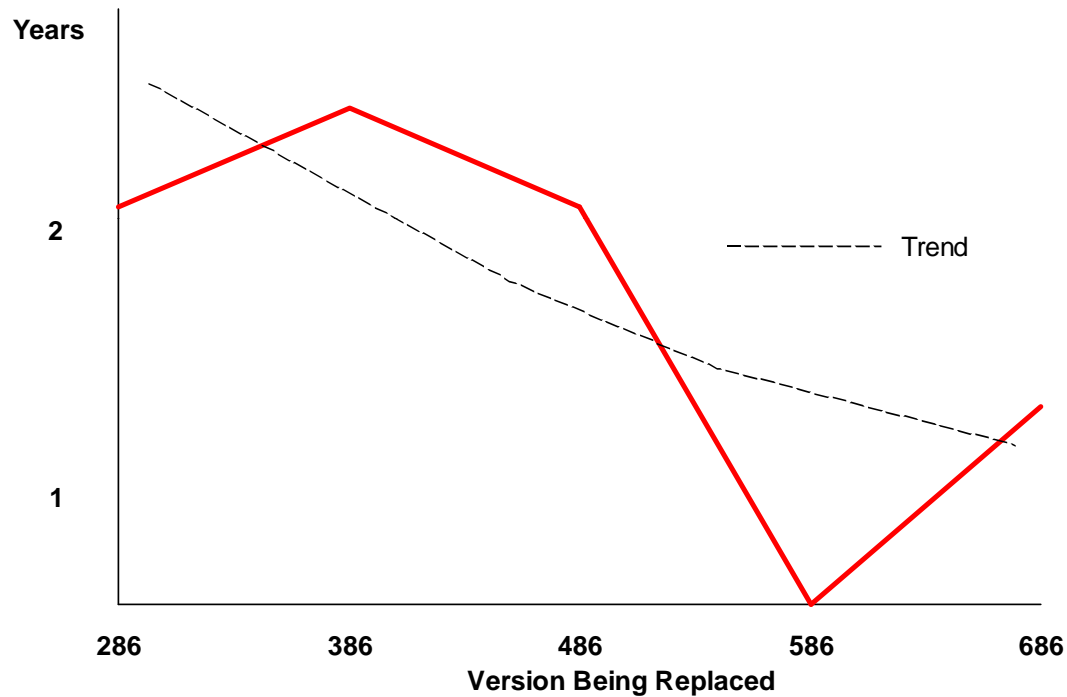
Financing Capital Equipment and New Technology



INNOVATION CYCLES



INTEL: NUMBER OF YEARS FROM VOLUME PRODUCTION TO ANNOUNCEMENT OF NEXT VERSION



FLEXIBILITY: MULTIMEDIA INTERNET EXAMPLE

MARKET	US	JAPAN
Catalog Shopping	\$80B	\$8B
Home Shopping	2B	0.1B
Video Rental	16B	2B
Cable TV	23.5B	0.5B
Info. Services	35B	5B
No of PCs	70M	10M
% of PCs Networked	50%	10%

RULES IN JAPAN: BARRIERS TO ADOPTION OF INNOVATIVE TECHNOLOGIES

1. MINISTRY OF HEALTH
 - No Drug Sales Outside Drug Store
 - Doctor Must be Face-To-Face with Patient to Make Diagnosis and to Charge for Service
2. MINISTRY OF TRANSPORT
 - No Ticket Sales Outside Travel Office
3. MINISTRY OF EDUCATION
 - No Credit for Learning Outside Class
4. MINISTRY OF FINANCE
 - No Banking Outside Banks and Bank Hours
5. CORPORATE LAW DOES NOT RECOGNIZE:
 - Teleconferenced Board Meetings
 - Working at Home (Insurance & Labor Standards)

SLIDE 10

Source: Dr. Yukawa at Mitsubishi

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LOCATION OF THE COMPANY (Regional Advantages - Michael Porter)

- Near Fiercest Competitor and/or Most Demanding Customer
- Clusters of Complementary Companies Provide Advantage:
 - Dutch Flowers
 - Route 128/Silicon Valley
 - Japanese Consumer Electronics
 - Singapore Hard Disk Drives
- Barriers to Foreign Competition Spoil the Advantage of Clusters:
 - Pushes Most Demanding Customers to Leave
Sony, Toshiba, Toyota...are moving outside Japan

SLIDE 11

SUMMARY

- Reward and Celebrate Success
- Foster Entrepreneurs - the Largest Companies will not Adopt Radical Innovation
- Invest in Long Term “B” Curve (Create Wealth vs. Shift Wealth)
- Build Teams with Complementary Skills
- Quality of the People/Management Determines Success
- Attack the Fiercest Market Early (e.g. USA)
- Move Quickly to the Market (Fast or Dead)
- Eliminate Government Barriers