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

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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…

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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!

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Key venture components
The critical path to venture creation involves many steps...but all struggle with the void between idea and success.
The key ingredients of a successful venture include...

- **People**
- **Ideas**
- **Funding**

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Universities
• Faculty, students
• New Grads

Experienced Founders
Mentors

People

University Research

Corporates Spin-offs

Ideas

Seed Angels
VC
Corp. Investors
R&D Grants

Funding

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

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Plan Boldly...Proceed Incrementally

A journey of 1,000 miles…

Begins with knowing where you are going!

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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…

Sailing instructions…
• Crew involved
• Iterative
• Flexible
• The process, with a vision

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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**

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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…

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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:
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