

How to turn a great idea in reality?

IS2C WORKSHOPS 2015

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Successful

- ▶ Scope today: How to turn a **business** idea (a new technology or application) into a successful product (within an entrepreneurial setting)
- ▶ There is not a standard recipe for success (as such this is impossible by definition anyhow)
- ▶ However, there may be a lot to learn from other people's experiences (good and bad)
- ▶ That may help **you** to improve your odds

Who am I?

- ▶ 1992-1996 : investment banking
- ▶ 1996-2006 : private equity and venture capital
- ▶ 2006 to date : entrepreneur, manager, and investor

Sharing experiences

Lessons Learned

#1 Understand the industry

- ▶ For what **actual problem** is your product offering a (better) **solution**
- ▶ Real pain or latent pain?
- ▶ Benefits ? Costs?
- ▶ What are the alternative solutions?
- ▶ Competitive advantage?
- ▶ Really relevant?

#1 Understand the industry

- ▶ Who is the (potential) competition? What are their strategies? Interests?
- ▶ Distribution structure?
- ▶ Pricing, distribution and production costs? Strategy potential (business/distribution) partners?
- ▶ Most organisations prefer to stick to their daily routine and to keep working with the supplier they know and feel comfortable with
- ▶ Legal liabilities? Certifications?
- ▶ Still relevant?

#1 Understanding the industry

- ▶ Talk to those people that are really participating in the industry (internet is only for reference)
- ▶ Avoid consultants or other so called “sector” specialist who do not actually **work** in this industry (“if you are so smart....”)
- ▶ Note that there is big gap between what people say they will do and what they actually do
- ▶ Recognise the difference between “need” and “demand”
- ▶ Today industries are much more complex, for instance , companies have suppliers that are also their customers and very often also their competitor(s) , all at the same time

2 Define your market

- ▶ Carve out the most promising and profitable part of the total (potential) market to focus on
- ▶ Think globally and recognise local differences (both as opportunities and threats)

#3 Execution is all about people

- ▶ Network of people that work with you (first tear), support you (second tear) is much more important than the actual idea itself
- ▶ Network of people in the second tear may include your first (launching) customers, suppliers, VC's, advisors
- ▶ A good idea with bad people is always a failure. A mediocratic idea with good people usually succeeds!

#3 Execution is all about people

Network of “good” people are people that:

- ▶ Have the same vision
- ▶ Share the same philosophy
- ▶ Trust each other both professionally as personally
- ▶ Enjoy working together
- ▶ Enjoy the success of their co-workers / business partners

#3 Execution is all about people

So where do things go wrong:

- ▶ Communication
- ▶ Bad personal relationships
- ▶ Low trust
- ▶ Cultural difference (broadest sense)
- ▶ Not being able to enjoy that others in your team have more luck / success

#3 Execution is all about people

"leading" indicators for failure:

- ▶ Too many "cooks" involved, especially people who have no real experience with the industry
- ▶ Exaggerated view of the superiority and market potential for the new product
- ▶ Too much reliance on "prestigious" launching customers
- ▶ Too much reliance on patents (or exclusive rights)
- ▶ The amounts of discussions hours among "team members" in ratio to the number of hours spent with potential customers, suppliers, distributors and other (potential) partners.....
- ▶ The number of pages and lines in the contract (shareholders agreement, joint venture agreement, etc.)... ..

Turning a great idea in reality is more art than science

Just as with painting for instance you need to understand and improve yourself on the fundamental techniques (like colour composition , laws of perspective, etc.) but being a master in all these techniques does not make you a painter of the likes of Rembrandt or Gustav Klimt.

Turning a great idea in reality is very rewarding

- ▶ Like creating a beautiful painting or fulfilling a challenging adventure
- ▶ It is your painting, **your** accomplishment
- ▶ It is about imagination, trying, experimenting, testing
- ▶ Learning from your mistakes, and restart, just keep going
- ▶ Learning to know yourself
- ▶ Work with people you like, you can trust and that are complementary
- ▶ If they say it is impossible, the more challenging it becomes

