Lecture 1 (4/1/14)

TIM 80C: Starting a new technology Company (High-tech Startup)

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Agenda:

1) Overview of the Course

2) Syllabus and Workload for the Course

3) Idea Generation
I) Overview of Course

Problem: How does create a successful new high-technology company (e.g., Apple, Google, Facebook)

Approach: There are six steps

1. Vision / Mission
2. Business Goals
   - Product Strategy
   - Market Strategy
   - Business Strategy
   - Financial Strategy

These six steps have to be performed concurrently (in parallel)
Step 1: Vision and Mission  
(Purpose of the Startup)

- Determine what societal need the startup will address (e.g., Clean energy, entertainment)

Google: Organize the world's information

Step 2: Business Goals

- Growth (%)
- Profit margin (%)
- Revenue ($s)

Example

- Generate $2M revenue in year 2
- Growing revenue at 25%
Step 3: Product Strategy
- Generate ideas for the product (or service)
- Select one idea to develop into the new unified communications product
  - Voice (Phone)
  - Video
  - Text/IM
  - Data (email, documents)

Step 4: Market Strategy
- Identify the appropriate market for the product (e.g., health-care)
- Segment the market (customer groups)
- Market Sizing (# customers, $s, % growth)
- Select an appropriate target segment and develop a Marketing MxCPs
  - Product (features)
  - Price ($s)
  - Promotion (advertising)
  - Placement (distribution)
Step 5: Business Strategy

Example

Apple: differentiated, focus in the target market

Samsung: cost leader, market wide

Our Start-up: cost leader, focus

- Who are the major players (companies) in the target market?
- What are the competitive strategies of each major player?
- What is the appropriate competitive strategy for the start-up?

Step 6: Financial Strategy

Example

5-year cash flow (costs, revenue, profit) for 3-5 years

Costs: $5M
Revenue: $10M
Profit: $5M

- Funding: who will finance the start-up (venture capitalists, crowdfunding, angel investors, personal savings, big companies)
- Financial structure (stock, shares)

- 20% ownership in exchange for seed money
2. Workload of the Course

Every Thursday, you will be submitting either a HW set or a project.

**Homework**

Thursday    Tuesday    Thursday
receive a HW set    discuss HW    turn in completed HW

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**Project**

Thursday    Thursday    Tuesday
receive project    submit project    Project assignment

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Review with Instructor or TA

1 week
3) Idea Generation

One method: Structured Brainstorming (Osborn - 1940)

Step 1: Generate ideas to solve a particular problem

Problem: Highway 17 is extremely dangerous, especially when the road is wet.

Work in groups to generate 30-50 ideas for improving safety on Highway 17.

Step 2: Structure the ideas into 3 groups

1) Ideas that are immediately useful ("low-hanging fruit")
   e.g., lower speed limits
2) Idea for further exploration
   e.g., sticky road
3) Ideas that are radically new approaches
   e.g., flying cars