TE 250: From Idea to Enterprise
Week 1: Intro & Framework

Mark Karasek
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Course Objectives

1. Introduce the fundamentals of technology entrepreneurship through hands-on techniques that utilize Lean Startup methodology.

2. Provide an intro to fundamental startup concepts such as formation, financing and building a tech venture.
<table>
<thead>
<tr>
<th>Week</th>
<th>Agenda (tentative)</th>
<th>category</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Intro, objectives, why tech entrepreneurship matters</td>
<td>Problems Worth Solving</td>
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<tr>
<td>2</td>
<td>Creativity &amp; Innovation [form teams]</td>
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<td>3</td>
<td>Lean Startup Methods &amp; Customer Discovery</td>
<td>Lean Startups &amp; Product-Market Fit</td>
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<td>4</td>
<td>Business Models</td>
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<td>5</td>
<td>Ecosystem Mapping</td>
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<td>6</td>
<td>Market Validation</td>
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<tr>
<td>7</td>
<td>Midterm: Critical Analysis Project (case study due)</td>
<td>Team Presentation</td>
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<tr>
<td>8</td>
<td>The Team</td>
<td>Venture Formation</td>
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<td>9</td>
<td>Company Formation</td>
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<tr>
<td>10</td>
<td>Intellectual Property</td>
<td>Financing &amp; Building the Venture</td>
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<tr>
<td>11</td>
<td>Financial Statements</td>
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<tr>
<td>12</td>
<td>Venture Finance &amp; Projections</td>
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<tr>
<td>13</td>
<td>Pitching</td>
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<tr>
<td>14</td>
<td>Final Team Pitches</td>
<td>Team Presentations</td>
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<tr>
<td>15</td>
<td>Final Team Pitches (individual project due)</td>
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Hybrid Delivery

- The business world has rapidly shifted to remote hybrid delivery.
- We are engineers, we are business people. We will adapt, learn & iterate.
Respectfully Direct

Radical Candor, by Kim Scott
Group Project

• The course is highly interactive, Participation in classroom discussions is strongly encouraged and attendance is required.

• The capstone is a group project that requires teamwork and time outside of the classroom to interact with potential customers.
Peer Critique

• All team members are expected to demonstrate critical thinking skills and support their conclusions in both written and oral communications.

• Students act as peer reviewers of classmates’ presentations.
<table>
<thead>
<tr>
<th>topic</th>
<th>weight</th>
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<tbody>
<tr>
<td>Assignments</td>
<td>20%</td>
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<tr>
<td>Midterm</td>
<td>25%</td>
</tr>
<tr>
<td>-individual</td>
<td>Case Study</td>
</tr>
<tr>
<td>-team</td>
<td>Critical Analysis</td>
</tr>
<tr>
<td>Final</td>
<td>35%</td>
</tr>
<tr>
<td>-individual</td>
<td>Creative Pitch</td>
</tr>
<tr>
<td>-team</td>
<td>Pitch &amp; Canvas</td>
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<tr>
<td>Engagement/</td>
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<tr>
<td>Team Participation</td>
<td>20%</td>
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*NO exam
Assignment #1: Getting to Know You

• Who are you?
• Do you have any startup experience?
• Why are you taking this course?
• What are your expectations?
• What do you hope to get out of it?

NB: this is your first assignment!
NB = Nota Bene (Latin = Note Well)
...and a bit about me

Mark Karasek (mkarasek@Illinois.edu)
Clinical Assistant Professor , TEC

More than 20 years leading innovation and product development in the consumer and commercial durables space and working with start-ups to identify customer value insights and define business strategy.

• Important: It is Not What you Know but Who You Know…

• So what should you do next?
Team Formation

Let's go around the room say your name your major and a fun fact about yourself
The Facts

99.7% of all documented ideas fail.

75% of all VC backed ideas fail.

1. Why do they fail?
2. What can we do about it?
More startups FAIL from a lack of customers than from a failure of product development.
What must come first?

Your business idea needs to **solve a problem** your potential customer will **PAY** for.
Finding Your Right Opportunity

A Problem Worth Solving

- Timely
- Solvable
- Important
- Profitable
- Favorable Context

The Sweet Spot

- Like to do the tasks
- Like the challenge
- Committed to do what is necessary

- Skilled at the needed tasks

Interests, Passions, Commitment

Capabilities & Skills
Problem Statement Canvas

<table>
<thead>
<tr>
<th>CONTEXT</th>
<th>PROBLEM</th>
<th>ALTERNATIVES</th>
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</thead>
<tbody>
<tr>
<td>When does the problem occur?</td>
<td>What is the root cause of the problem?</td>
<td>What do customers do now to fix the problem?</td>
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<table>
<thead>
<tr>
<th>CUSTOMERS</th>
<th>EMOTIONAL IMPACT</th>
<th>ALTERNATIVE SHORTCOMINGS</th>
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<tbody>
<tr>
<td>Who has the problem most often?</td>
<td>How does the customer feel?</td>
<td>What are the disadvantages of the alternatives?</td>
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<tr>
<td></td>
<td>QUANTIFIABLE IMPACT</td>
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<td></td>
<td>What is the measurable impact? (include units)</td>
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<td></td>
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Problems Worth Solving

- **Teams:** ~8 teams of 3-5 people (Group formation will happen over the next 7-10 days)
- **Process:**
  - Step 1 (due Sun 1/23, 11:59PM) Discussion Board
    - your ideas: identify “Problems Worth Solving” (at least 1 per student)
    - your skills: what makes you *you*
  - Step 2 (due 1/25, Noon)
    - Google Form Link with all ideas will be posted on Canvas no later than Tuesday Noon
    - Vote on your top 10 favorite
  - Step 3 (Class on 1/26)
    - For the Top 10 be prepared to present a 2–3-minute pitch on your idea, why it is worth solving, why you are the right person to solve it and who else (skills and values) do you need on your team to help.
  - Step 4 (due 1/26, 11:59 PM)
    - Google Form Link with all top 10 ideas will be posted on Canvas no later than 9/1
    - Vote on your top 3 favorite immediately following class
    - First come, first serve

**NB:** contributing to the “Discussion Boards” is your second assignment!
Strategies for Brainstorming a Topic

Your Personal Experiences and Interests

What Do You Know?
Are you already an expert at something?

What Do You Love?
Do you want to help people?
Hobbies?

Don’t You Hate It When . . .
Have you seen something you wished were fixed!
Strategies for Brainstorming

Five Common Attack Paths to Finding a Justified Problem

- Health & Safety
  - People are hurt or killed by...

- Legal Issues
  - People are suing because...

- Economics
  - Lack of a solution to this problem costs....

- Technical Problems
  - People are complaining about...

- Educational
  - Education programs exist to prevent...

Identify Problem
A Better Question:

Who are you and what problem are you trying to solve?  (alt: what do you care about?)
Group Project Ground Rules

• This is a venture creation class, not a technology class. We assume the technology works. Tell us “what you do” not “how you do it.”

• Participation on a team is for educational purposes ONLY. It does not give you any right or interest in a company that exists or may later form.

• Company must leverage an innovation-based technology solving a problem that matters. (i.e., a product or service; no consulting)

• Company will require resources beyond your control.
Midterm: Critical Analysis

Team Presentation in-class
1. Market Validation: 1-2 slides
2. Competitive Analysis: 1-2 slides
3. Target Customer Segment(s): 1 slide each
4. Key Value Prop(s): 1 per customer segment
5. Advance/pivot/redirect: 1 slide
Small Group Discussion Questions

What is innovation?
What is innovation?

**Innovation “sweet spot”**

Innovators translate ideas and IP into *customer solutions* that generate *economic and/or social value.*
Definition of Innovation

Innovation = Invention * Commercialization
**SME (Small Medium Enterprise)**
Local Market Focus
Restaurants, Dry Cleaners, Services

- Δt is short
- Linear growth (capped)
- Less investment required

**IDE (Innovation-Driven Enterprise)**
Global Market Focus
Products w/ Innovation at Core

- Δt is long
- Exponential growth (uncapped)
- A lot of investment required
Small Group Discussion Questions

What is entrepreneurship?
-and-
What is an entrepreneur?
What is entrepreneurship?

Entrepreneurship (as I define it) is the act of identifying and exploiting an opportunity without being limited by resources currently under control.
What is an entrepreneur?

Entrepreneurs are people who identify and pursue:
• solutions among problems
• possibilities among needs
• opportunities among challenges

The entrepreneur provides the creative force in order for free enterprise to work.

Entrepreneurs strive to make a difference in our world and contribute to its betterment.

They are also motivated by achievement, independence, and the accumulation of wealth.
So why would anyone do this?

ENTREPRENEURSHIP is living a few years of your life like most people won't, so that you can spend the rest of your life like most people can't.
Why does it matter?

• Small firms might be more likely to produce “radical” innovations
  – Henderson (1993)
  – Anderson and Tushman (1990)
  – Tushman and Anderson (1986)

• “.. are responsible, since 1945, for:
  – Over 50% of all innovations
  – 67% of inventions
  – 95% of all radical innovations”

  National Commission on Entrepreneurship, 2002 from Timmons
Why does it matter?

Figure 1:
Startups Create Most New Net Jobs in the United States

Source: Business Dynamics Statistics, Tim Kane
Why does it matter?
Why TECH ventures?

- Knowledge, Intellectual skills
  - Unlimited supply
  - Easily sharable
  - Difficult to measure

- Land, natural resources
  - Fixed supply
  - Not sharable
  - Easy to measure

- Capital, Money
  - Fixed supply
  - Not sharable
  - Easy to measure

- Labor, physical skills
  - Fixed supply
  - Not sharable
  - Easy to measure
Small Group Discussion Question

- Can entrepreneurship be learned?
- Why should engineering, science, and humanities (i.e. non-business) students study entrepreneurship?
Attributes of E’neurs

- Entrepreneurship is a process: not a single act
- Entrepreneurs are made; not born
- Entrepreneurs vary considerably in their capabilities, which can be improved significantly through experience and training.
- *Existing organizations* provide an environment that has a major—positive or negative—impact on the creative and entrepreneurial drive of their members.
- Entrepreneurs are *not* risk seekers; they are risk managers.
## Personas

<table>
<thead>
<tr>
<th>Exploring</th>
<th>Ready-to-Go</th>
<th>RTG - 1</th>
<th>Intrapreneur</th>
<th>Amplifier</th>
</tr>
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<tbody>
<tr>
<td>Interested but has no driving idea or team; is in exploratory mode; starts here but will migrate to another state or out of entrepreneurship</td>
<td>Chomping at the bit &amp; just wants help to get going – has idea, tech &amp;/or core of team</td>
<td>Wants to be in a start up but does not want to be a lead (at least at this time)</td>
<td>Wants to be an entrepreneur in an existing non-startup organization</td>
<td>Interested in understanding enough to successfully promote in their org (e.g., gov, corp, family business) but is not the direct venture creating entrepreneur</td>
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Exercise

• Break up into small groups.
• Each student name an entrepreneur and/or startup you admire and why.
• ID at least 5 common characteristics among those selected by the group members.
Register by Jan. 31
Compete for over $200,000 in funding and prizes with the Cozad New Venture Challenge, the campus-wide program that helps you launch your startup idea.

DEADLINE | JANUARY 31
go.illinois.edu/cozad

Get nominated by Feb. 1
Are you working on either cutting-edge innovation and translational research or have you addressed cultural, societal, or global challenges with innovative solutions? See if you qualify and ask a mentor to nominate you.

DEADLINE | FEBRUARY 1
go.illinois.edu/iia

IP Clinic Coming Soon
Take advantage of this opportunity to get FREE patent and trademark assistance!

go.illinois.edu/ipclinic

Complete your Spring Schedule
Need another course to round out your schedule? Check out the full list of TE course offerings.

go.illinois.edu/courses

Join by Jan. 24
Join the TEC Student Advisory Board and help shape the campus entrepreneurship ecosystem. The SAB provides insights directly to TEC staff & receives access to exclusive benefits like raffles, swag, & partner events.

DEADLINE | JANUARY 24
go.illinois.edu/tecSAB