

# Contents

<b>1</b>	<b>Opportunity Recognition</b> .....	<b>1</b>
1.1	Starting from the Idea .....	1
1.2	From Idea to Opportunity: A Deliberate Process.....	2
1.3	Where Do Opportunities Occur? .....	2
1.3.1	Unexpected Occurrences .....	2
1.3.2	Incongruities .....	3
1.3.3	Process Needs.....	3
1.3.4	Industry and Market Changes.....	3
1.3.5	Demographic Changes.....	3
1.3.6	Changes in Perception .....	4
1.3.7	New Knowledge .....	4
1.4	Validating Opportunities.....	4
1.4.1	Product/Service Feasibility .....	5
1.4.2	Industry/Market Feasibility .....	5
1.4.3	Organizational Feasibility.....	5
1.4.4	Financial Feasibility .....	6
1.4.5	Personal Fit.....	6
1.5	The Window of Opportunity .....	6
1.6	The Business Concept Proposal.....	7
1.7	The Big Question: Should You Tell Anyone Else Your Idea? .....	8
1.8	Cases in This Chapter .....	8
CASE 1-1	Optima Environnement SA: Turning a Wonder Tree into an Eco-business .....	11
1	Company Background .....	12
2	Phytofloc™ and the Water Treatment Industry .....	13
3	Moringa Proteins .....	17
4	Moringa Oil .....	19
5	Licensing Moringa Technology.....	20
6	Financial Investments.....	21
7	Optima's Challenges and Options .....	21
8	2004 and Beyond.....	23

CASE 1-2	Cognosense SA: Validating an Opportunity.....	27
1	The Company .....	28
2	Product Portfolio .....	30
3	Cognosense’s Mobile Business Opportunity .....	30
4	Understanding the Dynamics of the Mobile Market.....	31
5	Developing the Appropriate Business Model.....	34
6	Setting the Course for Growth.....	38
CASE 1-3	Shockfish (A) .....	47
1	Beginnings.....	48
2	The Product .....	48
3	What Was the Best Market for Spotme? .....	50
4	The Contract .....	52
CASE 1-4	Redigo: Putting a New Electric Vehicle on the Road.....	53
1	History .....	54
2	The Vehicle .....	56
3	Market Developments in Urban Mobility.....	58
4	Where to Go with Redigo.....	65
<b>2</b>	<b>Planning the New Venture .....</b>	<b>85</b>
2.1	What Is a Business Plan? .....	85
2.1.1	Why Write a Business Plan?.....	86
2.1.2	Who Should Write the Business Plan? .....	86
2.1.3	Who Will Read the Business Plan? .....	87
2.1.4	What Should Be in the Business Plan?.....	87
2.1.5	Common Pitfalls.....	88
2.2	Key Elements of the Business Plan .....	89
2.2.1	New Venture Team.....	89
2.2.2	Market Analysis and Sizing.....	91
2.2.3	Industry and Competitor Analysis .....	92
2.2.4	Intellectual Property .....	93
2.2.5	The Business Model .....	96
2.2.6	The Marketing Plan .....	98
2.2.7	Financing the Venture .....	102
2.2.8	Talking About Risk .....	102
2.3	Cases in This Chapter .....	103
CASE 2-1	Shockfish (B).....	107
1	Crossing the Chasm.....	108
2	Funding.....	109
CASE 2-2	IR Microsystems (A): June 2002.....	111
1	InfraRed (IR) Microsystems in January 2002.....	112
2	Infrared Spectrometry.....	114
3	Market Analysis and Marketing Strategy .....	116

4	Strategic Plan.....	124
5	Time to Sign off on New Plan.....	126
CASE 2-3	InMotion Technologies Ltd. ....	131
1	Background .....	132
2	Creation of the Company.....	133
3	Development of the Company.....	136
4	The Future .....	140
CASE 2-4	Boblbee (D): The Urban Backpack .....	143
1	Background .....	144
2	Getting Boblbee to Market .....	146
3	Industry Environment.....	153
4	Working the Numbers .....	156
CASE 2-5	VistaPapers (A): December 1994.....	167
1	VistaPapers: Enabling Quality Printing for SOHO Market.....	168
CASE 2-6	VistaPapers (B): September 1995.....	179
1	Feedback Received on the Initial Business Plan.....	180
2	Back to the Drawing Board: January to September 1995.....	181
3	The Revised VistaPapers Business Plan: September 1995..	182
CASE 2-7	VistaPapers (B-2): November 1995.....	187
CASE 2-8	VistaPapers (C): Going VistaPrint.com.....	189
1	VistaPrint.com Business Plan: March 2000 .....	190
CASE 2-9	Lyncée Tec SA: Scaling up a Technology Venture.....	199
1	Company Background .....	200
2	The Product .....	200
3	Competing Firms and Technologies.....	202
4	Management Resources and Networking .....	203
5	The Business Plan.....	205
6	Funding the Venture .....	210
7	Outlook.....	211
<b>3</b>	<b>Venture Financing .....</b>	<b>219</b>
3.1	Financing Ecotypes and Resource Maps: Matching Needs with Funders .....	219
3.1.1	Debt Financing .....	220
3.1.2	Equity Financing .....	220
3.1.3	Mapping Resources: The General Framework .....	221
3.1.4	Resource Maps and Financing Ecotypes .....	224
3.2	Business Valuation – Science or Art?.....	234
3.2.1	Valuation Techniques .....	235
3.3	Cases in This Chapter .....	238

NOTE 3-1	Venture Capital Investment Contracts:	
	A Primer and Taxonomy .....	241
1	Introduction .....	242
2	Conflicts Addressed in Venture Capital Contracts .....	243
3	Conflict-Mitigation Strategies .....	249
4	A Simple Taxonomy of Major Contract Clauses.....	258
5	Conclusions .....	282
CASE 3-1	AVIQ Systems AG: Creative Technology, Innovative Financing .....	295
1	AVIQ Systems.....	296
CASE 3-2	Tatis Limited .....	311
1	Global Trade Patterns: A Data Management Nightmare .....	312
2	Tatis: Bringing out the Smarts.....	313
3	Market Entry Strategy .....	316
4	Financing Tatis Limited.....	316
CASE 3-3	Genedata.....	323
1	Company Background .....	324
CASE 3-4	Venture Valuation AG: The Genedata Assignment.....	333
1	Company Background .....	334
2	Venture Valuation Product Portfolio .....	335
3	The Genedata Project.....	338
4	The Valuation Exercise .....	339
CASE 3-5	Novartis Venture Fund: Valuation Dilemmas .....	355
1	Novartis Venture Fund .....	356
<b>4</b>	<b>Growing the Entrepreneurial Firm: Building Lasting Success .....</b>	<b>365</b>
4.1	Why Grow the Firm?.....	365
4.1.1	Measuring Growth.....	366
4.1.2	Challenges to Growth, or Why Some Entrepreneurs Don't Scale .....	366
4.2	Strategies for Growth.....	367
4.2.1	Internal Strategies: Organic Growth.....	367
4.2.2	External Strategies: Partnering for Success .....	369
4.3	Management Skills and Leadership .....	371
4.3.1	Organizing Growth.....	371
4.3.2	Organizational Blueprints .....	373
4.3.3	Managing People .....	375
4.3.4	Other Necessary Management Competences .....	376
4.4	The Troubled Company .....	377
4.4.1	Strategic Issues .....	377
4.5	Cases in This Chapter .....	378

CASE 4-1	IR Microsystems (B): Taking Tunable Diode Laser Spectrometry (TDLS) to Market in 2006 .....	383
1	New Product Offering .....	384
2	Next Steps.....	388
CASE 4-2	IR Microsystems (C): Epilogue .....	395
1	IR Microsystems' Outlook for 2006.....	395
2	IR Microsystems Acquired by Leister Process Technologies.....	396
CASE 4-3	AC Immune SA:	
	Taking Research into Development.....	397
1	The Opportunity .....	398
2	AC Immune SA .....	398
3	The Venture's Assets.....	399
4	Protecting Assets .....	401
5	The Competitive Landscape .....	401
6	Industry Characteristics .....	403
7	Developing Options in a Dynamic Environment.....	405
8	The Next Strategic Moves .....	405
CASE 4-3	Handout AC Immune and Genentech: Exclusive Global License Agreement.....	413
CASE 4-4	Covalys (A): Managing the Company's Growth and Development Strategy .....	415
1	Company Background .....	416
2	The Life Sciences Industry .....	417
3	Shaping Covalys's Growth and Development Strategy.....	419
4	Outlook.....	423
CASE 4-4	Handout Covalys: Expansion Plans.....	429
CASE 4-5	Technology Strategy at Dartfish.....	431
1	The Technology .....	432
2	Company History.....	433
3	Application Domains and Business Models .....	434
4	Where to Go from Here? .....	438
CASE 4-6	Netcetera (A): Hiring an External CEO?.....	443
1	Netcetera.....	444
2	Netcetera's Development 1996–2000.....	444
3	Changing the Management: Hiring a New CEO?.....	448
CASE 4-7	Netcetera (B): Organizing for Sustainable Business Success .....	453
1	Netcetera's Learning Points from the External CEO Decision.....	454

2	Trying a Participative Approach to Organization.....	454
3	Adapting to Market Developments.....	455
CASE 4-8	Netcetera (C): Reflections and Outlook.....	463
1	New Projects.....	464
2	New Objectives .....	464
3	New Challenges.....	464
CASE 4-9	Boblbee (E): Inventing the Urban Nomad.....	465
1	Marketing Strategy .....	466
2	Trouble Begins .....	468
3	The Crisis .....	470
4	Product Development and Repositioning .....	470
5	The Way Forward.....	473
CASE 4-10	EndoArt SA: Creating and Funding a Medical Technology Startup (A) .....	489
1	Company Overview.....	490
2	Evolution of the Firm .....	490
3	Turning the Tide .....	497
CASE 4-11	Google Search Engine and Advertisement.....	503
1	Creation .....	504
2	The Technology and Original Idea.....	505
3	Business Model .....	506
4	Exploding Growth .....	507
5	Market/Competition .....	508
6	Google and Yahoo's Complex Relationship .....	511
7	Microsoft's Intentions Revealed.....	512
8	Current Actors in the Market.....	513
9	Google's Investments .....	514
10	Back to the Dilemma.....	515
<b>5</b>	<b>Harvesting .....</b>	<b>521</b>
5.1	Harvesting Options .....	522
5.1.1	Milking the Cash Cow.....	522
5.1.2	Trade Sale.....	523
5.1.3	Merging or Being Acquired by a Larger Firm.....	523
5.1.4	Buyouts.....	524
5.1.5	Leveraged Recapitalization of the Company.....	526
5.1.6	Initial Public Offering (IPO).....	526
5.2	Specific Challenges in the Harvesting Process .....	529
5.2.1	Timing .....	529
5.2.2	Valuation .....	530
5.3	Cases in This Chapter .....	530

CASE 5-1	EndoArt SA: Creating and Funding a Medical Technology Startup (B) .....	533
CASE 5-1	Handout Allergan Announces its Acquisition of EndoArt.....	535
1	Forward-looking Statements.....	536
2	About Allergan, Inc. ....	537
3	About EndoArt S.A. ....	537
CASE 5-2	Sentron at the Crossroads (A).....	539
1	Company History.....	540
2	Sentron's Business Model and Operations .....	541
3	The Sensor Technology Market.....	544
4	Competitors' Technologies and Products .....	546
5	Alternative Future Strategies .....	546
6	Decision Looming .....	547
CASE 5-3	Sentron at the Crossroads (B).....	553
1	The Proposed Merger .....	554
2	Afterthoughts.....	554
CASE 5-4	4M Technologies and the Optical Disk Revolutions .....	557
1	Company Background .....	558
2	Optical Storage Media: A Short Introduction.....	559
3	4M Technologies: Integrated Manufacturing Solutions for the Digital Age.....	562
4	The Future .....	565
CASE 5-5	Generics.....	577
1	The Genesis of Generics.....	578
2	A Culture of Innovation.....	579
3	Consulting Activities: Creating Value Through Intellectual Property .....	581
4	Optimizing the Creation of Value.....	582
5	Managing a Complex Process .....	588
6	Growth Challenges .....	589
7	Moving On .....	591
CASE 5-6	GigaTera Inc: Pulling the Plug? .....	597
1	Optoelectronics: the Soaring Opportunity .....	598
2	Company Background .....	599
3	Brakes on the Development of the Optoelectronics Market .....	601
4	How GigaTera Dealt with the Market Changes.....	604
5	Deciding on the Future .....	607

<b>6 Corporate Entrepreneurship</b> .....	611
6.1 Why Do Large Corporations Pursue Entrepreneurship?.....	611
6.2 How Can Corporations Promote Entrepreneurship?.....	612
6.2.1 Encouraging Corporate Entrepreneurs.....	612
6.2.2 Designing the Entrepreneurial Organization .....	613
6.3 Cases in This Chapter .....	614
<b>CASE 6-1 Rebuilding a Passion Brand:</b>	
The Turnaround of Ducati (A).....	617
1 Federico Minoli .....	618
2 Situation at Ducati in 1996 .....	618
3 Quick Fixes.....	626
4 Priorities for the Next Few Years .....	627
<b>CASE 6-2 Rebuilding a Passion Brand:</b>	
The Turnaround of Ducati (B).....	633
1 Phase 1: Build the Brand .....	634
2 Phase 2: Rationalize the Factory.....	641
3 Phase 3: Refocus on R&D .....	641
4 Results .....	642
<b>CASE 6-3 Innovation Leadership at Logitech</b> .....	643
1 Company Background .....	644
2 Company Organization.....	645
3 Innovation Philosophy and Drivers .....	646
4 Corporate Culture and Values .....	649
5 Innovation Process.....	655
6 Future Challenges.....	660
<b>CASE 6-4 Logitech: Getting the io™ Digital Pen to Market</b> .....	667
1 Logitech's Entry into the Digital Pen Environment .....	668
2 Logitech's Digital Pen Project.....	668
3 Logitech's io™ Launch .....	677
4 Evaluation Phase .....	682
5 Looking Ahead.....	683
<b>CASE 6-5 The "mi adidas" Mass Customization Initiative</b> .....	695
1 Global Footwear Market.....	696
2 adidas-Salomon AG.....	696
3 mi adidas.....	697
4 Phase I: The mi adidas Pilot .....	697
5 Competitors' Footwear Customization Initiatives .....	699
6 Phase II: The mi adidas Retail Tours.....	700
7 The Future of mi adidas.....	707
<b>CASE 6-6 New Business Creation at Tetra Pak:</b>	
Reinventing the Food Can .....	721
1 Company Background .....	722

- 2 Starting Project Phoenix: Genesis  
(October 1993 – March 1996)..... 723
- 3 Restarting and Reorienting Phoenix  
(April 1996 – May 1997) ..... 726
- 4 Clarifying the Value Proposition ..... 728
- 5 Starting a Partnership with Nestlé (Project Arizona)..... 730
- 6 Reinforcing the Project Organization and Visibility ..... 731
- 7 Starting a Second Partnership with Bonduelle  
(Project Edix)..... 732
- 8 Moving to Real Life Field Tests and the Creation  
of Tetra Recart™ ..... 732
- 9 Developing the Tetra Recart™ Organization  
and Business ..... 734
- 10 Addressing Tetra Recart Growth Challenges ..... 735

- Index** ..... 777