

Key Success Factors for Technology Startups

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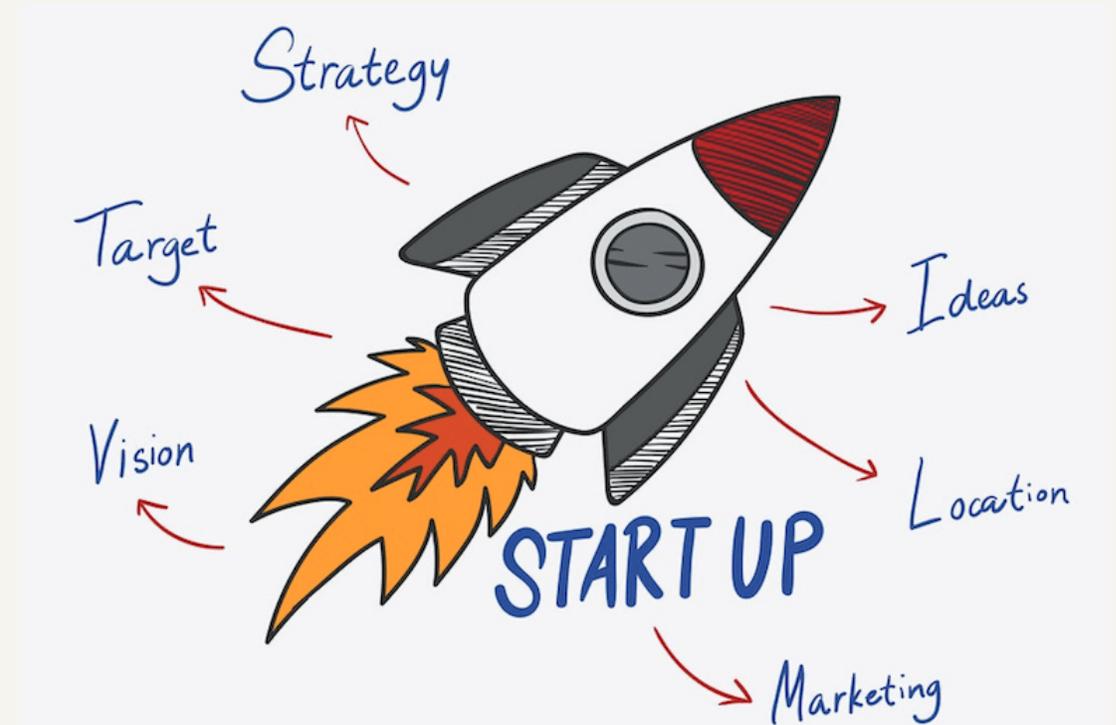
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Venture Beyond Boundaries

What is a Startup ?

A startup is a **small, dynamic, flexible, high-risk** company that has a reproducible and **scalable business model** and provides **innovative** products and/or services.



1. A Balanced Team with Clear Role

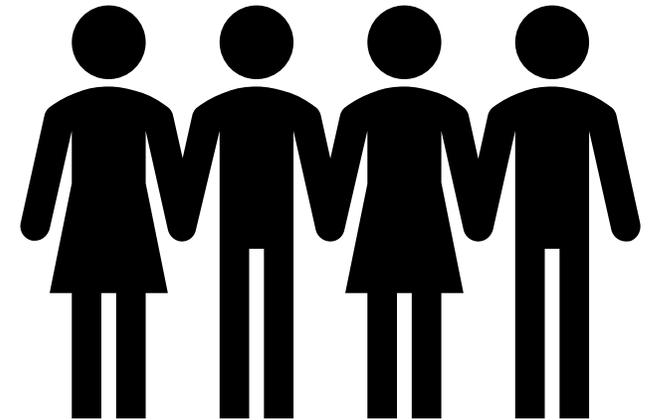
You need a CEO

Technical + Sales + Marketing + Operation

Provide alternate communication channels for external interface

Boost confidence for stakeholders

Too few result in weakness, too many create chaos, and the wrong one produces dissension



2. *Manage Your Cash* \$

Cash flow is by far the most important financial control in a startup venture

Project your cash flow

Adequate cash for receivable/payable

Periodic review and forecast future demand

Looking for funding without diluting your shares
e.g. government funding

Don't count on banks

Note: See guidelines contained in this file, for instructions on the completion of this cash flow projection.
 Checking: See cell A55 for checks that spreadsheet is calculating correctly.

Monthly Cash Flow Projection

Enter Company Name Here

Enter Date Here

	Pre-Startup	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL
1. CASH ON HAND [Beginning of month]		-	-	-	-	-	-	-	-	-	-	-	-	
2. CASH RECEIPTS														
(a) Cash Sales														
(b) Collections from Credit Accounts														
(c) Loan or Other Cash Injection														
3. TOTAL CASH RECEIPTS [2a + 2b + 2c=3]														
4. TOTAL CASH AVAILABLE [Before cash out] (1 + 3)														
5. CASH PAID OUT														
(a) Purchases (Merchandise)														
(b) Gross Wages (excludes withdrawals)														
(c) Payroll Expenses (Taxes, etc.)														
(d) Outside Services														
(e) Supplies (Office and operating)														
(f) Repairs and Maintenance														
(g) Advertising														
(h) Auto, Delivery, and Travel														
(i) Accounting and Legal														
(j) Rent														
(k) Telephone														
(l) Utilities														
(m) Insurance														
(n) Taxes (Real Estate, etc.)														
(o) Interest														
(p) Other Expenses [Specify each]														
(q) Miscellaneous [Unspecified]														
(r) Subtotal														
(s) Loan Principal Payment														
(t) Capital Purchases [Specify]														
(u) Other Start-up Costs														
(v) Reserve and/or Escrow [Specify]														
(w) Owner's Withdrawal														
6. TOTAL CASH PAID OUT [Total 5a thru 5w]														
7. CASH POSITION [End of month] (4 minus 6)														
ESSENTIAL OPERATING DATA [Non-cash flow information]														
A. Sales Volume [Dollars]														
B. Accounts Receivable [End of Month]														
C. Bad Debt [End of Month]														
D. Inventory on Hand [End of Month]														
E. Accounts Payable [End of Month]														
F. Depreciation														
CHECKING (calculation verification) [2 - 3] - 6 = 7														

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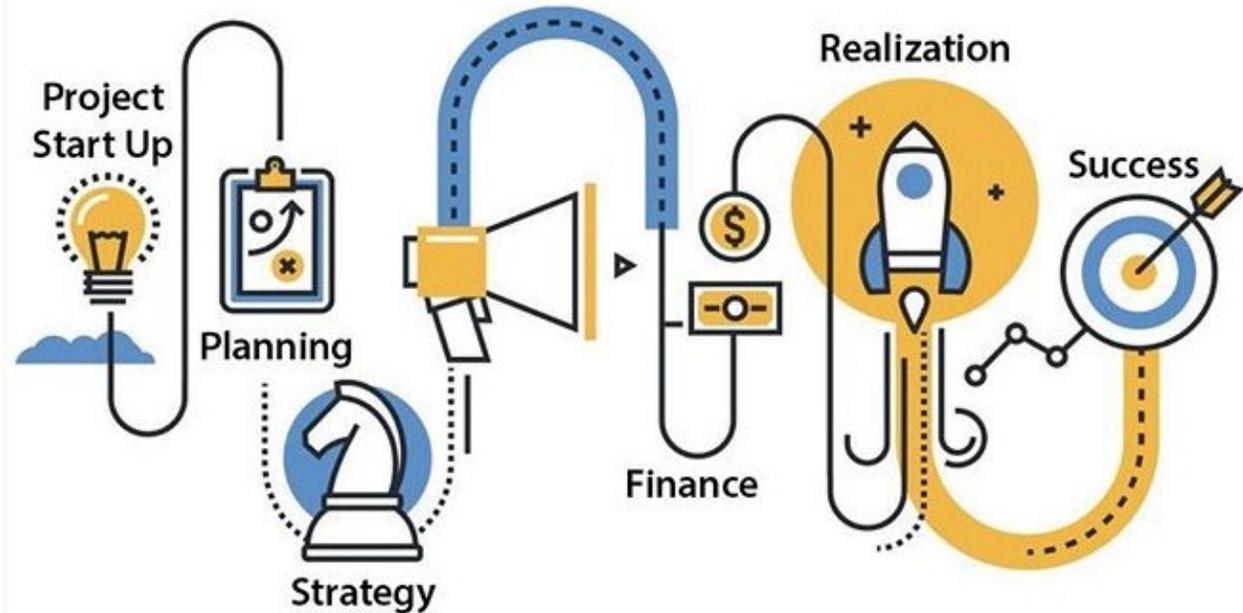
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3. Concentrate on Your Core Competency

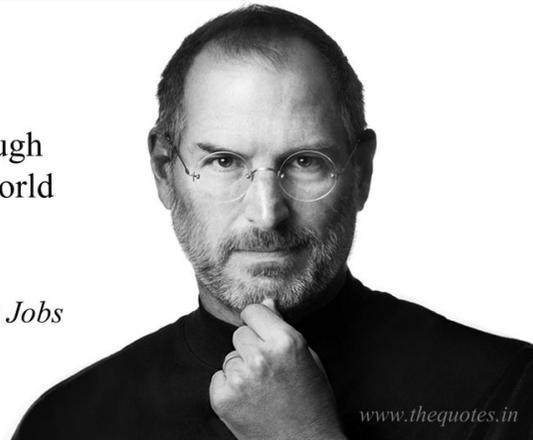
- Concentrate on area you are the best
- Understand your resource limitation
- Do not underestimate amount of work involved
- **Diversify at early stage is a formula to failure**



4. *Think Big*

The people who are crazy enough
to think they can change the world
are the ones who do.

Steve Jobs



No matter you are
one-man band

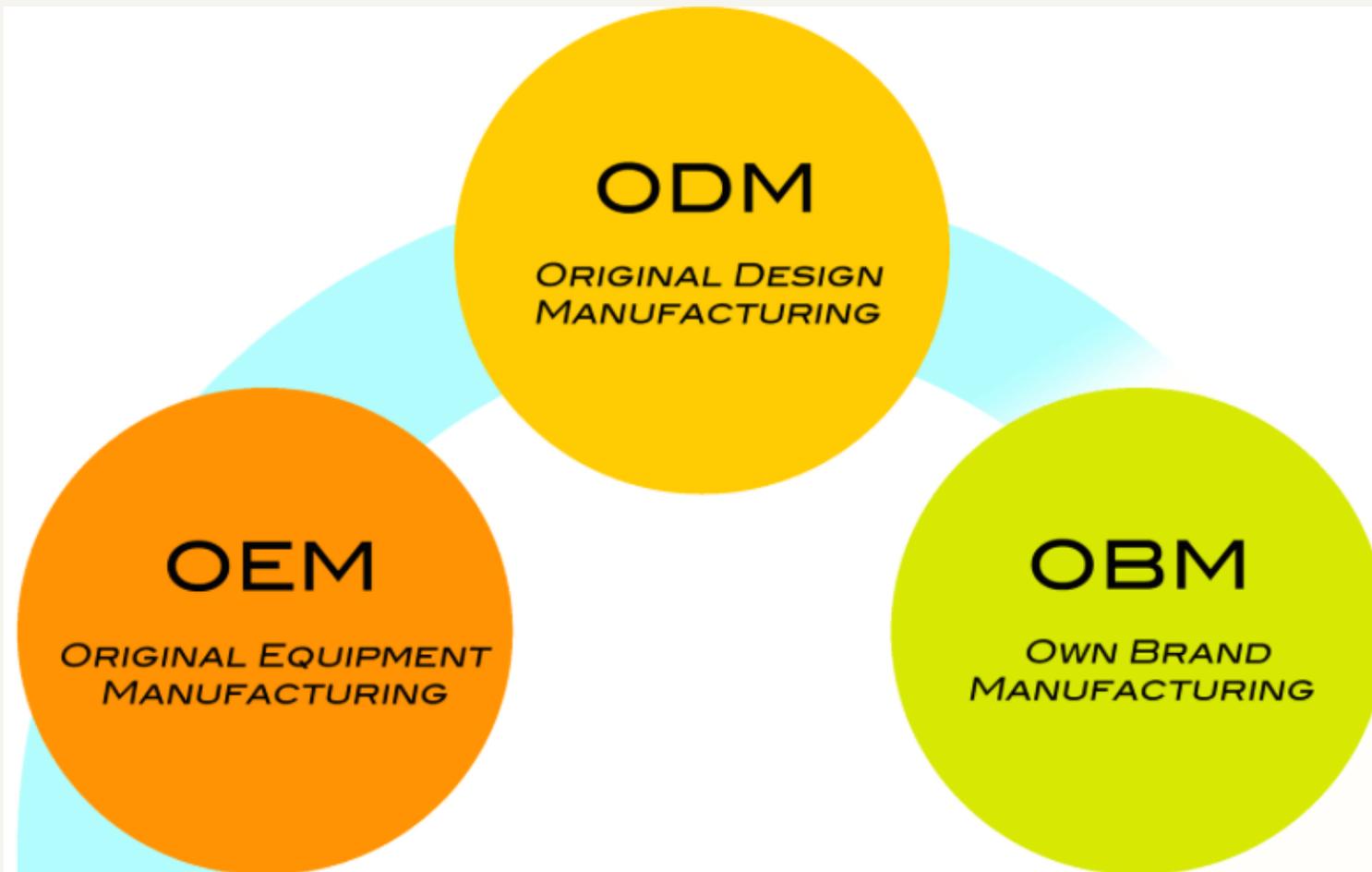
No matter it is
mission impossible
at that moment

5. Strategy

- Set out your **Strategic Objective** (a measurable target); it provides directions to your business and a yardstick by which you can measure your success e.g., to breakeven in 2 years, grow revenue 20% a year
- Define your **Mission Statement**: *IBM* - Solutions for a small planet; *Nike* - To bring inspiration and innovation to every athlete in the world
- **Branding** the company, not the product in technology market, e.g., *Apple*, *Tesla* the company itself is a brand. Your company can benefit enormously by creating a brand that presents the company as distinctive, trusted, exciting, reliable or whichever attributes are appropriate to that business
- **Brand Positioning Statement**: to express the unique value the brand will offer to selected customers.



6. *Select the Right Business Model*



- Create your own brand?
- OEM for big players in the market?
- License your technology?

7. *Thorough Marketing Audit*

01

The Market need to be big enough to make an investor want to invest

02

Clear market positioning

03

Identify your potential customers

04

Know your competitions

05

Identify your uniqueness, strength & weakness

06

Identify the value of your product/service to set price

want to invest
make an investor
be big enough to
the market need to

positioning
clear market

potential customers
identify your

competitions
know your

weakness
strength &
uniqueness
identify your

set price
product/service to
value of
identify the value of

8. *Solid Business Network*



- Customers/ Suppliers/ Investors/ Bankers
- How to build up your business network?
 - Attend trade shows*
 - Join trade associations*
 - Join LinkedIn*

9. *Protect your Innovative Ideas*

File patent applications

The easiest way is to file a US provisional patent application. The procedure is simple, and you can do it yourself. The fee is \$300 USD only

You can claim your technology is patent pending then

You can transfer the provisional patent into a standard patent application within 12 months

<https://www.uspto.gov>

10. Fund Raising

- Prepare your pitch deck
 - Use the 10/20/30 rule
 - 10 slides, 20 minutes, 30-point font.*
- Know the right time to pitch investors at different stages (Seed, Angel, Series A, B, C, IPO)



The Language of Early-Stage Finance



The Ten Slides - First Five

- 1. Cover** - contact information and tagline.
- 2. Opportunity** - the problem and pain points.
- 3. Team** - investors are investing in you, so I like this slide right up front.
- 4. Product** - benefits and how it addresses the problem (opportunity in number 2).
- 5. Market size** - supported by research

The Ten Slides - Last Five

- 6. Business model** - how you make money.
- 7. Competition** - why you're better, but don't "knock" the competition.
- 8. Go to market strategy** - how will you gain users/customers.
- 9. Traction** - what have you already accomplished - revenues, users, partners.
- 10. What you need** - how much, how used.

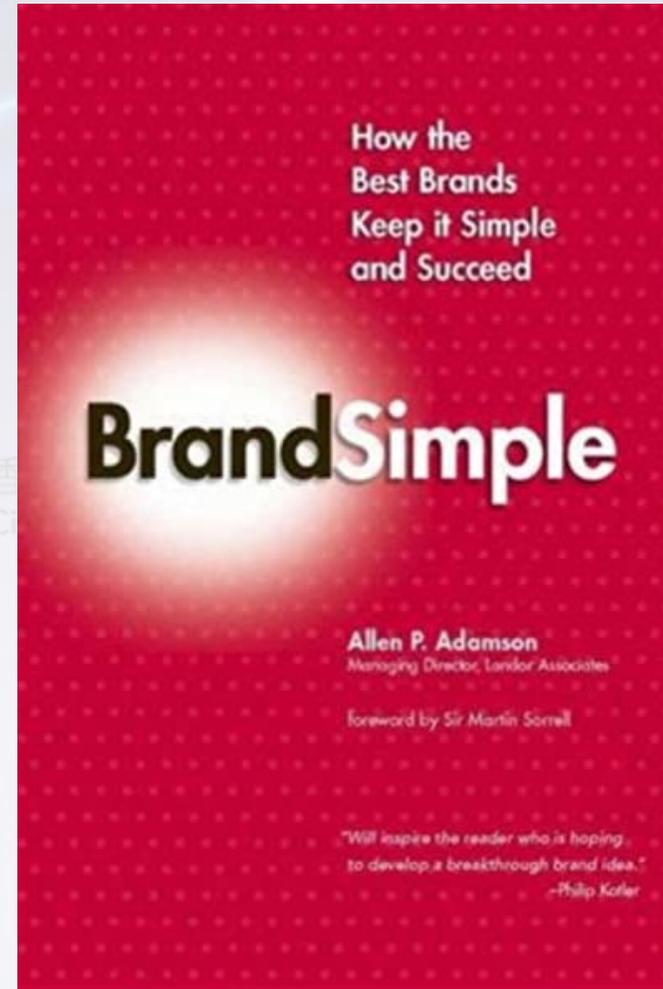
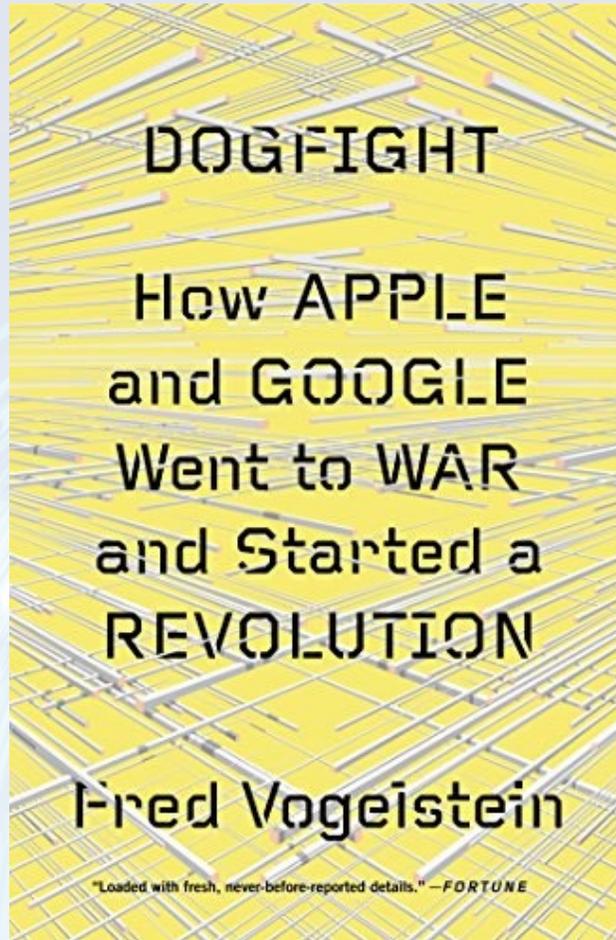
Put **financials projections**, headcount, milestones or timelines in an appendix. Pull them up if asked (and that's a good sign).

11. Keep Learning

- The world is changing very fast
- Learn from the others
- Quotations from B&O former Chief Executive Tue Mantoni:
 - *Design is where you can make a difference*
 - *You can't compete on cost as you don't have the scale*
 - *You can't compete on technology because you don't have the research budget*
 - *The electronics business is a fast-evolving industry where you cannot afford to wait*
 - *Make decision faster, which puts you in the competition*



11. *Keep Learning*



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