SISTEMI FORMATIVI CONFINDUSTRIA

School in entrepreneurial training

PIQUE – Marie Curie Initial Training Network in Photonic Integrated Compound Quantum Encoding

Confindustria, 7/10 October 2014

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Becoming an entrepreneur

From physics to startups

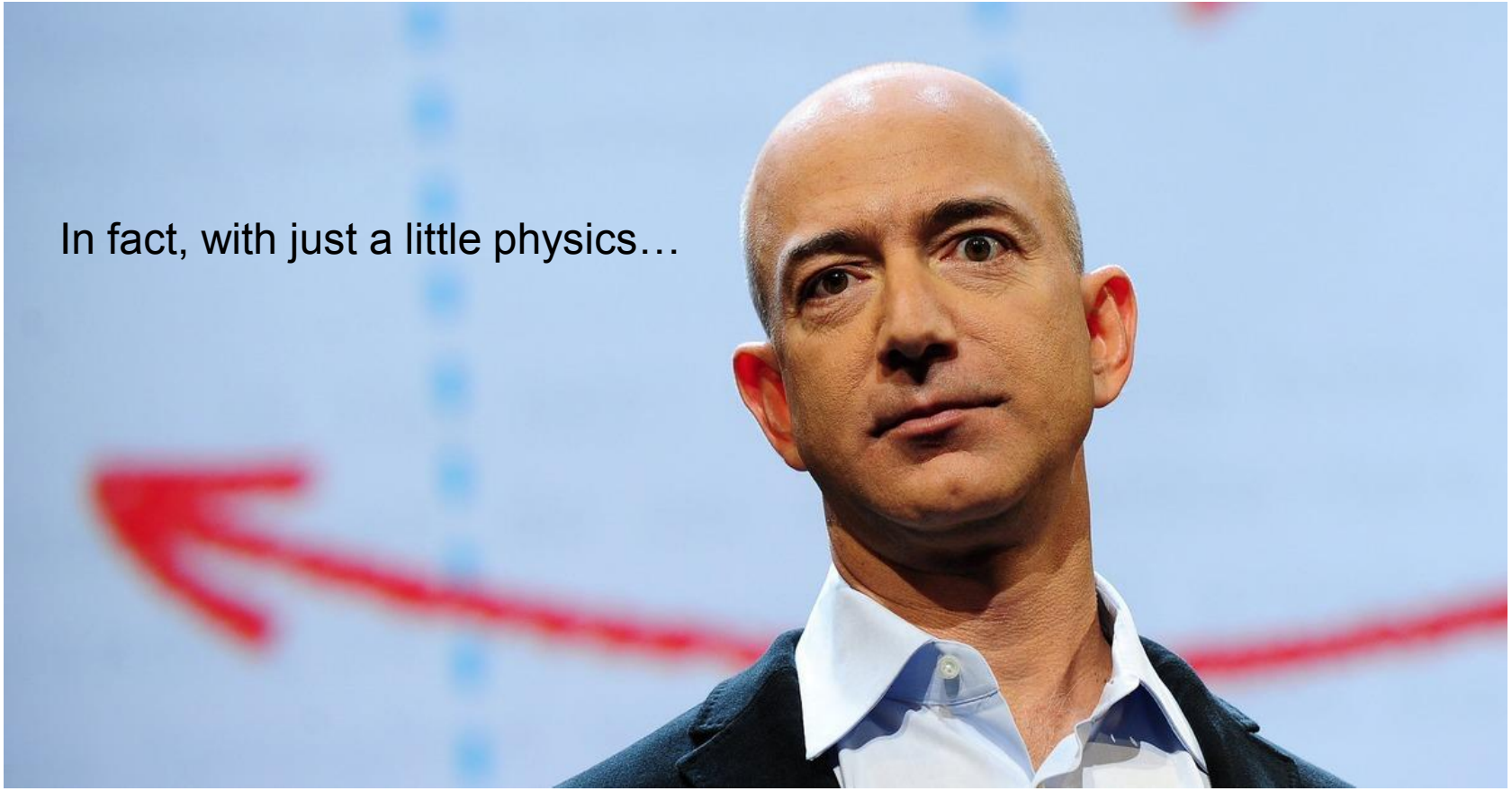
Speaker: Peter Kruger

Rome June 7, 2014

Can physicists become entrepreneurs?

Well, if they can become politicians ….

…they may even become entrepreneurs



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Not to mention…

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M. Sc. Physics
Statistical Mechanics

20 years as executive manager, consultant, advisor, mentor and entrepreneur

tiscali: KataWeb Rai Repubblica Italiana Terra Quotidiano ecologista www.terranews.it eZecute startup bootcamp

But not just any kind of entrepreneur

Startup

=

The scientific way of developing a business

“a startup is an organization formed to search for a repeatable and scalable business model”

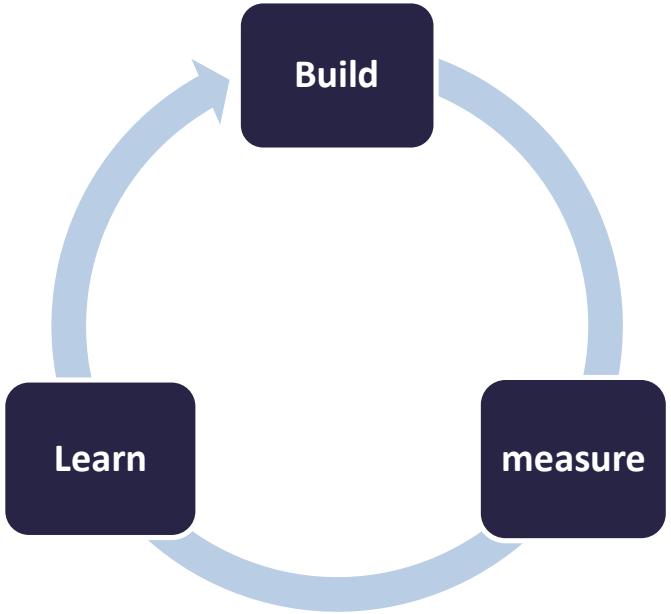
Keywords

- **Organization**. Teams and the way they operate is paramount.
- **Search**. The real business of startups is prototypes, MVPs, validations, market tests etc.
- **Business model**. Your theoretical framework.

“A human institution in a context of extreme uncertainty”

Eric Ries

Lean approach



The Lean Startup Process

Metrics (non vanity) are the key to developing a successful startup

Lean methods

- **Build** → unit tests – usability test – continuous integration – incremental deployment – free & open source components – cloud computing – cluster immune system – just-in-time scalability – developer sandbox
- **Measure** → split test – clear product owner – continuous deployment – usability tests – real-time monitoring – customer liaison – funnel analysis – cohort analysis – SEM – Real-time alerting – Predictive monitoring
- **Learn** → Split test – customer interviews - customer development – five why root cause analysis – customer advisory board – falsifiable hypothesis – product owner accountability – custom archetypes – cross functional teams – smoke tests

“Metrics are people too”

- **Actionable**. Must enable a clear relation Cause → effect.
- **Accessible**. Keep metrics simple and few as possible. Always provide an easily understandable description.
- **Auditable**. Data must be credible, responsibility in case of failure must be clearly defined.

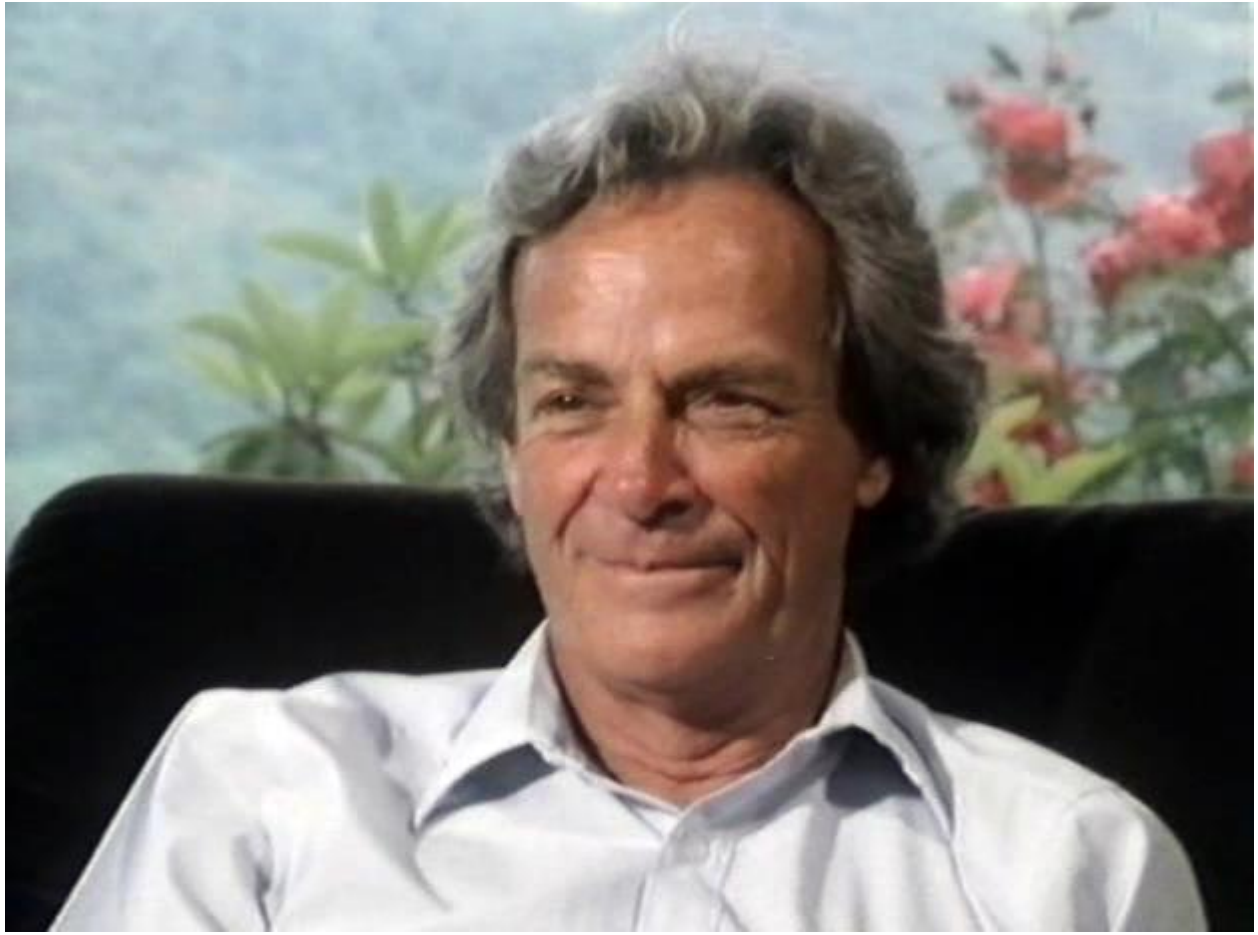
Value metrics

Value proposition for the ecosystem

Value proposition for the stakeholders

Value proposition for the company

“I love metrics”



Just kidding, but…

Wait! Not that easy!
What about failure?

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Votizen

Voters social network to engage in common causes, public pressure, lobbying etc.

	MVP	split testing	optimization	pivot	pivot
Time	8m	4m	3m	1m	
Expense	$1k	$5k	$14k	$30k	
EOG	Sticky	Sticky	Sticky	Paid	viral
Registration	5%	17%	17%	42%	51%
Activation	17%	90%	90%	83%	92%
Retention	Too low	5%	8%	21%	28%
Referral	Too low	4%	6%	54%	64%
Revenue	n/a	n/a	n/a	1%	11%
LTV	n/a	n/a	n/a	Minimal	$0.20/msg.

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Pivot or persevere?

There are just so many ways to manage failure

- Zoom in pivot
- Zoom out pivot
- Customer segment pivot
- Application <-> platform pivot (& vice versa)
- Business architecture pivot (hi margin lo volume, complex system volume - lo margin hi value, volume operation module)
- Value capture pivot (monetization or revenue models)
- Engine of growth pivot (viral, sticky, paid)
- Chanel pivot
- Technology pivot

Capital efficiency

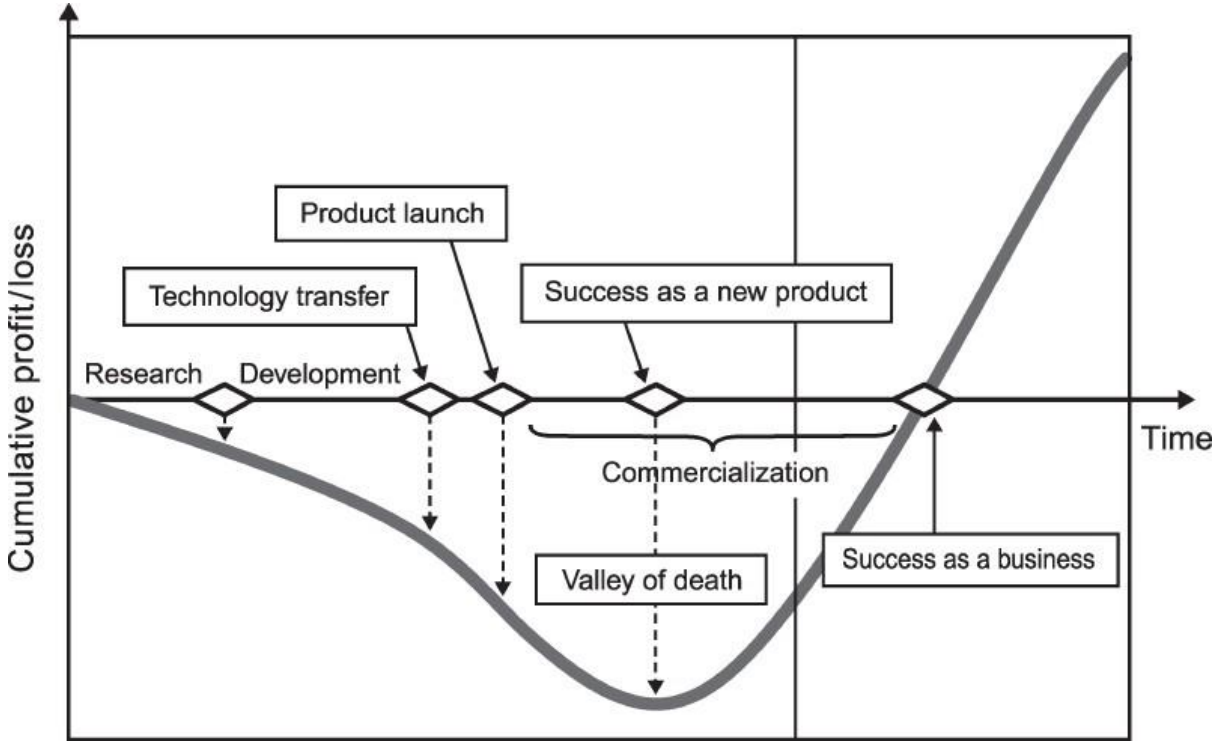
"The number of pivots until your startup goes out of business, assuming your current income and expenses stay constant"

The industry

RUNWAY

The hard part

What's your pain threshold?



Ok! Let’s dive in real stuff

What are really startups?

Stages of a startup

idea **early stage** **expansion**

Looking for seed **Looking for VC** **Looking for the big money**

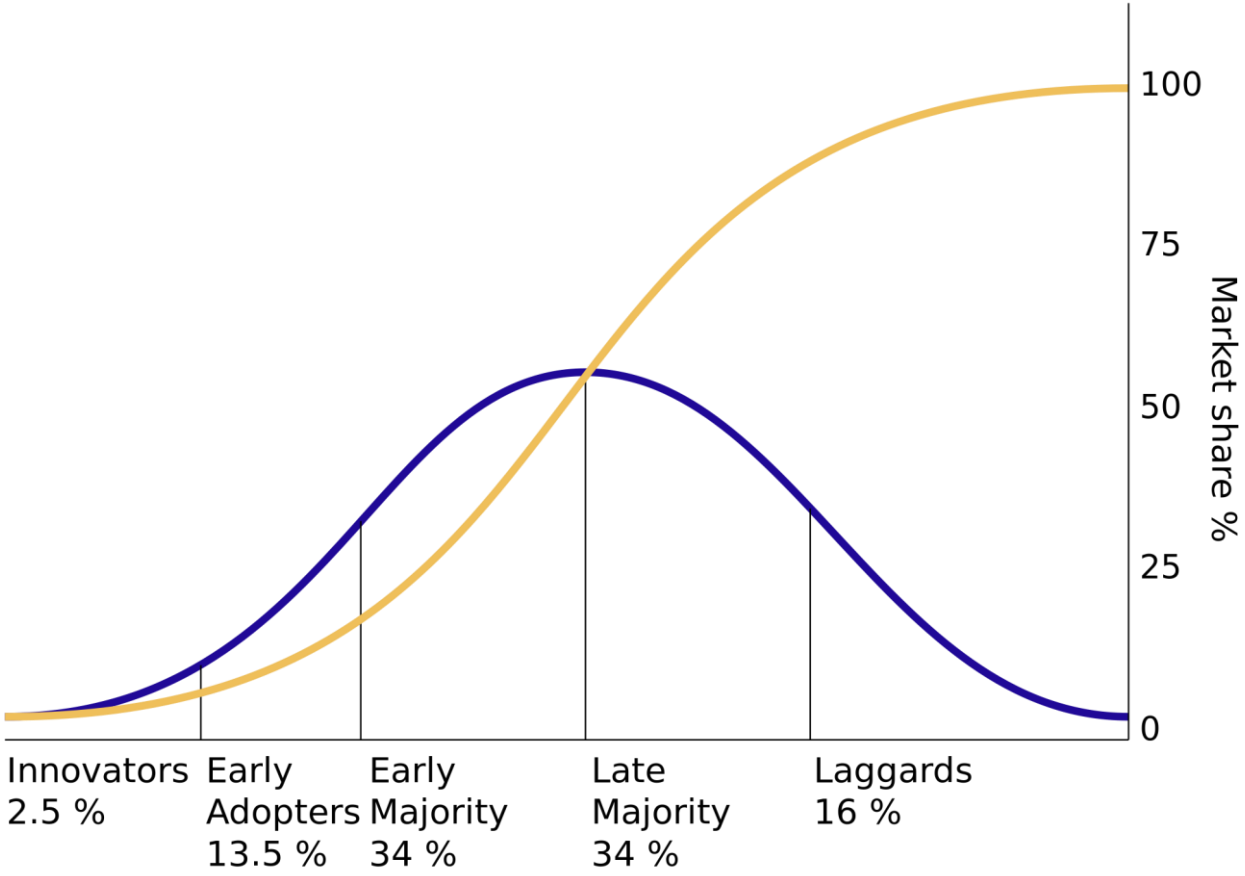
Main challenges

Developing the product

- **Customer driven design**. Build your product/service as a response to a clear understanding of the demand (if there is one)
- **Scrumming method**. How to organize limited resources in order to achieved highly focused results without exceeding in planning and overhead.
- **Lean Startup iterative process**. Accelerate the build-test-learn cycle (always keeping your metrics in mind)

How markets develop

From corn farming to iPhones, speed may change but this is your ADOPTION CURVE



Developing the market

- **Communication.** Getting people to know you exist, who you are, and what you do
- **Marketing.** How to you go to market?

Target → channel → message → money

Managing the company

- **Team, team, team, did I just say team?**
- **Lawyers**
- **Accountants**

Raising money

The hardest of all:

- **Build your business model (your financial excel file)**
- **Build you pitch**
- **Write a 10 page executive summary**
- **Learn how to tell your story**
- **Talk to investors (again and again)**

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Thank you

Slides freely available at request. Just drop an email or a tweet.

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