Key Success Factors for Technology Startups

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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
## Monthly Cash Flow Projection

**Enter Company Name Here**

**Enter Date Here**

<table>
<thead>
<tr>
<th>Pre-Startup</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
<th>Month 4</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
<th>Month 8</th>
<th>Month 9</th>
<th>Month 10</th>
<th>Month 11</th>
<th>Month 12</th>
<th>TOTAL</th>
</tr>
</thead>
</table>

### 2. CASH RECEIPTS
(a) Cash Sales
(b) Collections from Credit Accounts
(c) Loan or Other Cash Injections

### 3. TOTAL CASH RECEIPTS
\[(a + b + c)\]

### 4. TOTAL CASH AVAILABLE
\[(Pre-cash out \times (1 + g)\]

### 5. CASH PAID OUT
(a) Purchases (Merchandise)
(b) Gross Wages (includes 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]

### 6. TOTAL CASH PAID OUT
\[(a + b + c + d + e + f + g + h + i + j + k + l + m + n + o + p)\]

### 7. CASH POSITION
\[(End of month \times (1 + g) - \text{Month 12})\]

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### ESSENTIAL OPERATING DATA

- **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)
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
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 desk
- 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 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

**DOG FIGHT**

How APPLE and GOOGLE Went to WAR and Started a REVOLUTION

Fred Vogelstein

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*How the Best Brands Keep It Simple and Succeed*

BrandSimple

Allen P. Adamson

Managing Director, London Associates

Foreword by Sir Martin Sorrell

"Will inspire the reader who is hoping to develop a breakthrough brand idea." — Philip Kotler