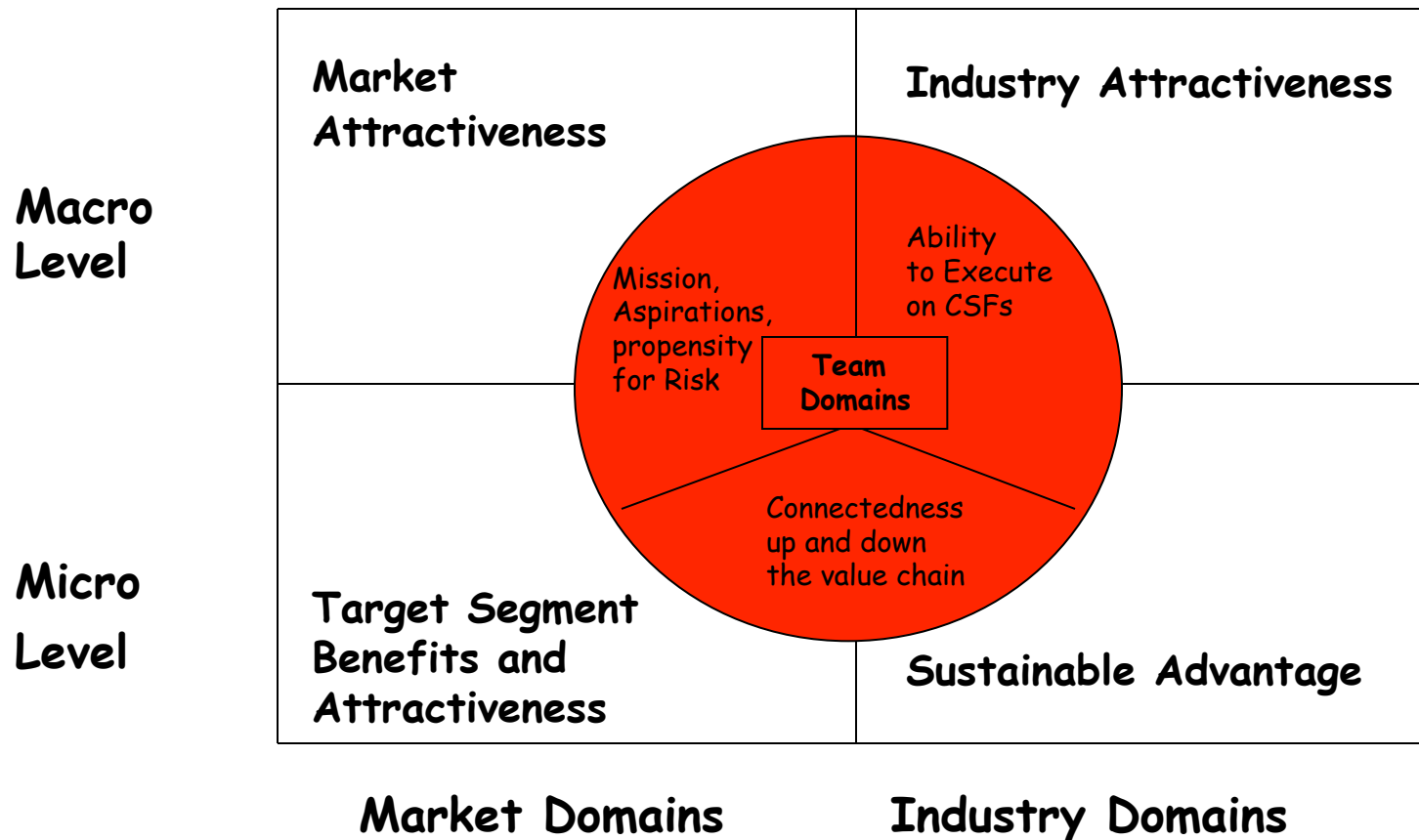


What does an investor want from a startup?

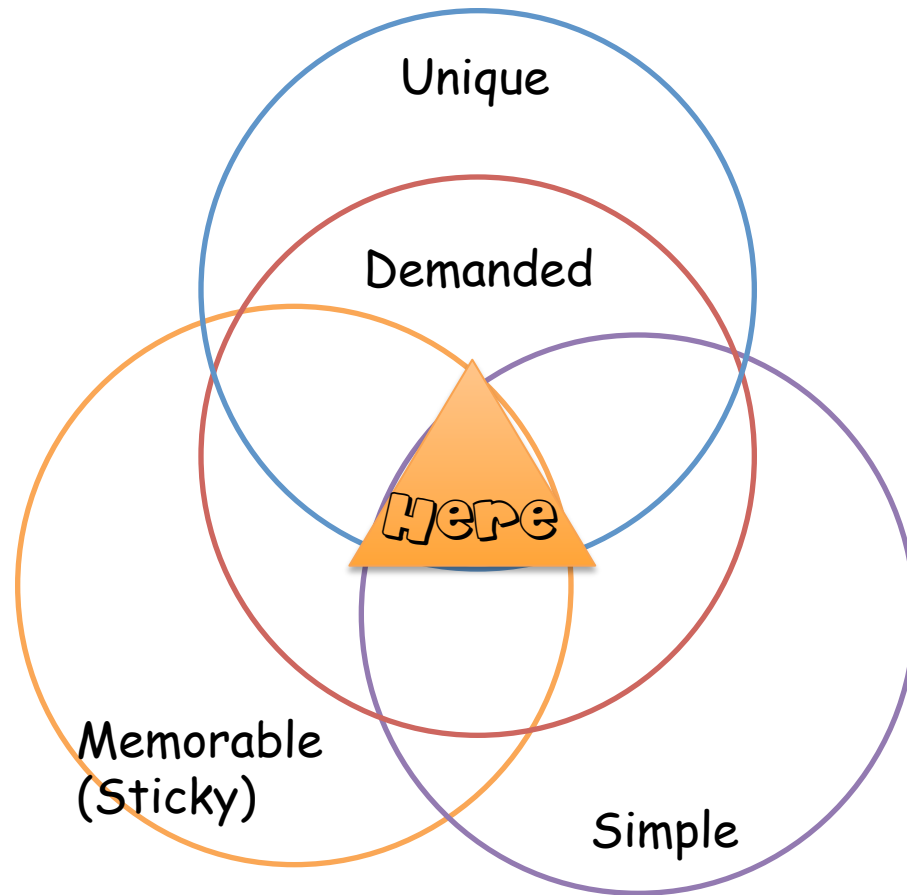
Dr. David Bozward
Senior Lecturer in Entrepreneurship
University of Worcester

 @bozward

What do we need?



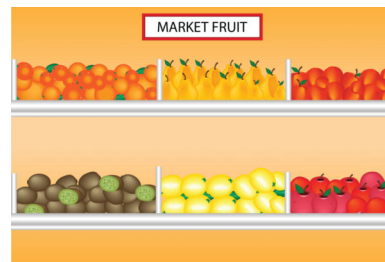
but first I need a product...



What product/service should I do?

A Known Willing

MARKET



A Team



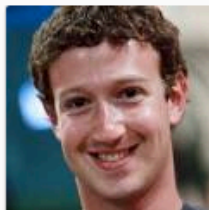


Microsoft Albuquerque Group, December 7, 1978. Top row: Steve Wood, Bob Wallace, Jim Lane. Middle row: Bob O'Rear, Bob Greenberg, Marc McDonald, Gordon Letwin. Front row: Bill Gates, Andrea Lewis, Marla Wood, Paul Allen. Missing from photograph are Ric Weiland and Miriam Lubow. Photo courtesy Microsoft Archives.

and its still true



Facebook, Inc. > Founders



Mark
Zuckerberg



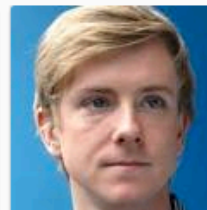
Dustin
Moskovitz



Eduardo
Saverin



Andrew
McCollum



Chris Hughes

The Good

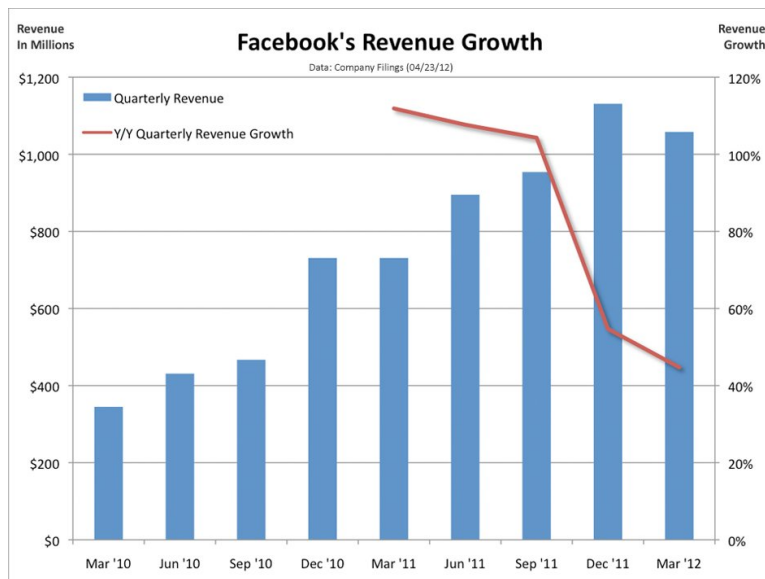
- Return On Investment
- $ROI = (Gains - Cost) / Cost$
- We are looking
 - 3X over 5 years
 - 9x over 10 years



The Bad

Results

Time



The Ugly

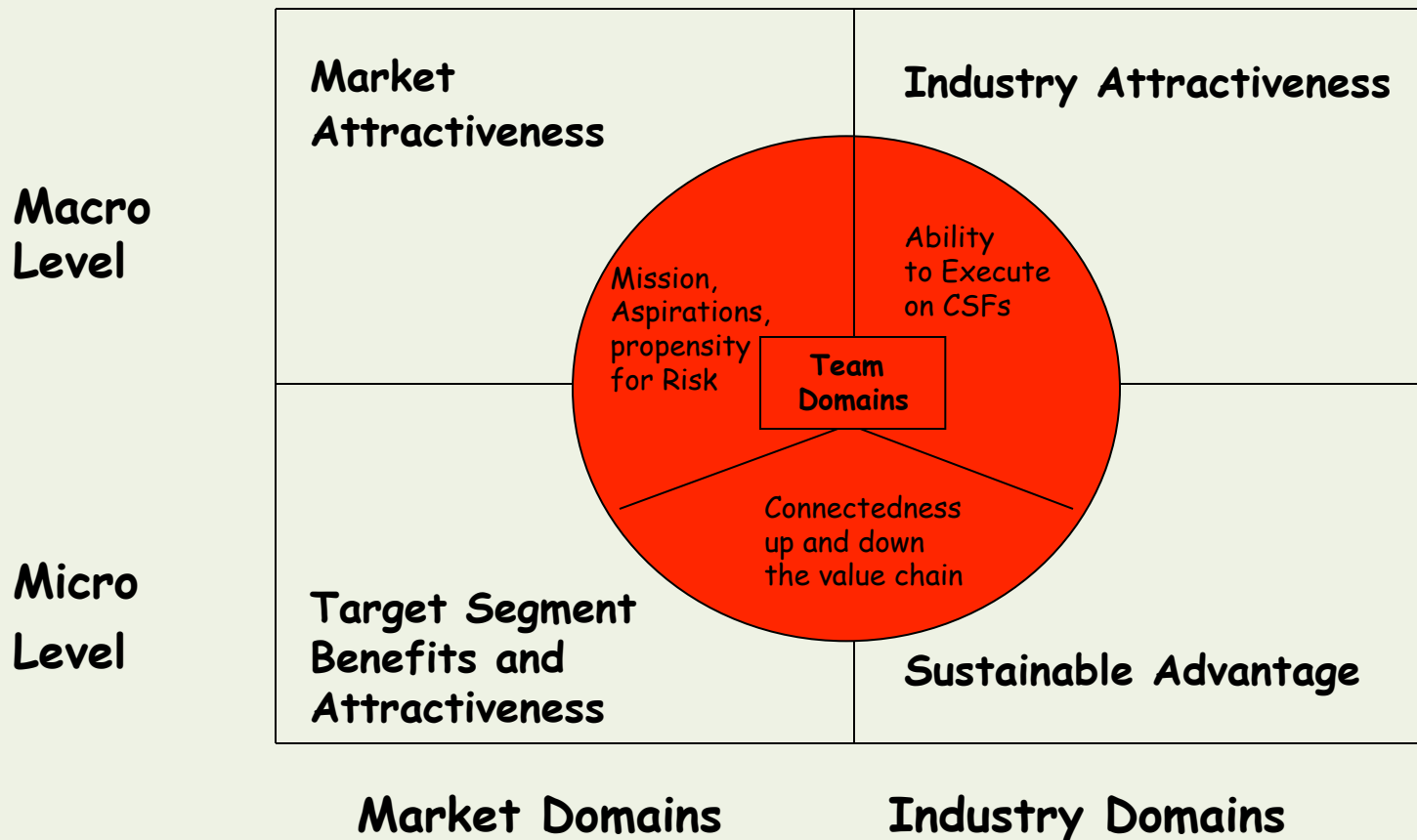
- Not Larry
- Not Richard
- But team





HOW, WHO, WHAT, WHEN,

The Seven Domains of Attractive Opportunities



From: The new business road test, Book by John Mullins

Key Aspects of the Seven Domains Model

- Market analysis is **different** to industry analysis
- Both macro and micro level perspectives are important
- Analysis of the team domain goes beyond the experience and character of the team members

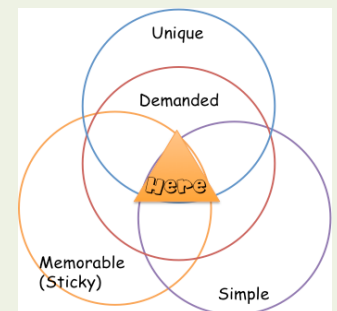
Difference between a Market and an Industry

- A market consists of buyers; an industry consists of sellers
- A market may be served by several industries

Market Attractiveness

- Macro Level

- A broad perspective to determine the scale of the opportunity
- Market size and trend data: (number of customers; total expenditures; total volumes; growth trends & forecasts)
- Macro trends and their likely effect on market development (demographic; socio-cultural; economic; technological; regulatory; natural)

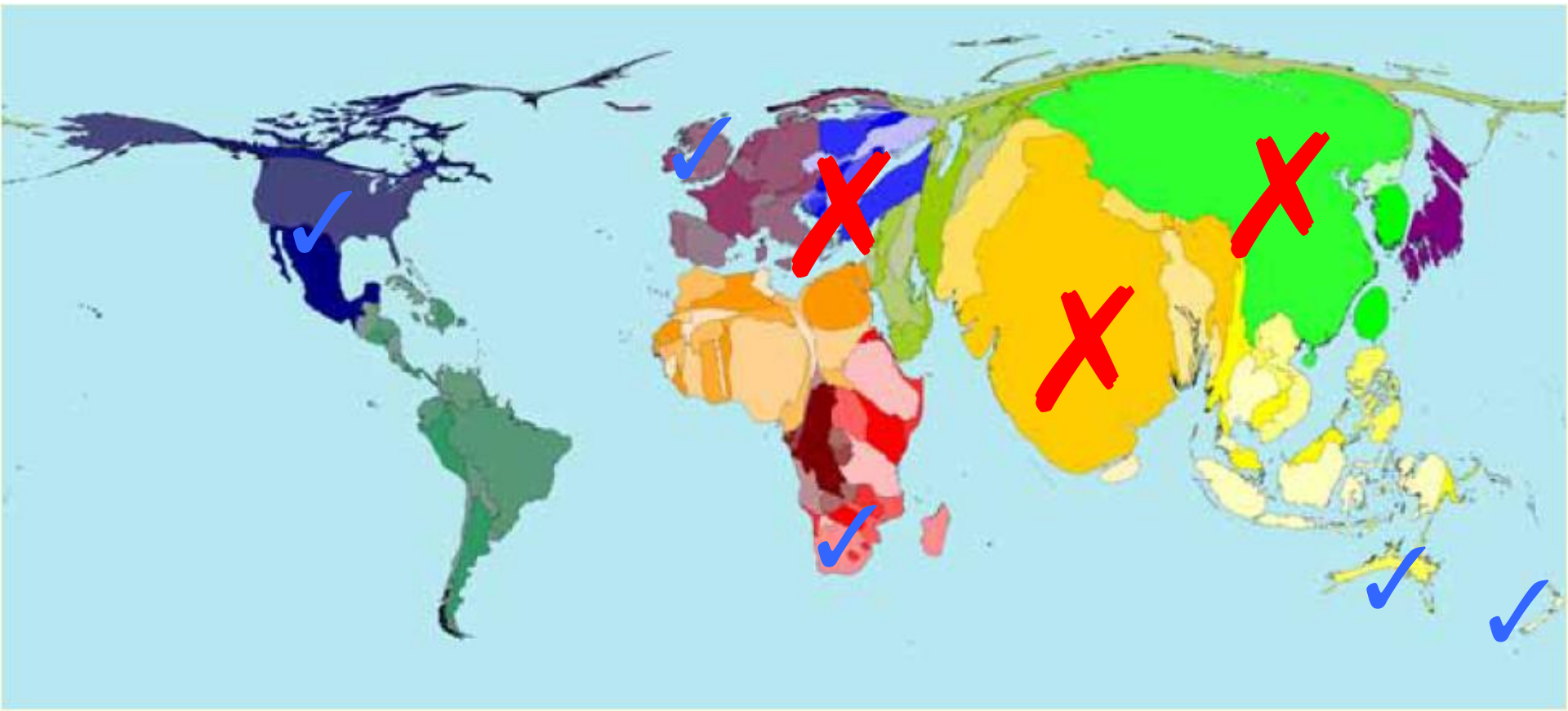




Current World Population

7,486,210,000

and our product will address 1% or 74,210,000 customers



Courtesy of Benjamin D. Hennig, University of Sheffield.

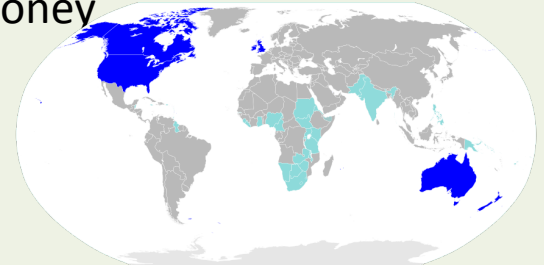
<http://www.worldometers.info/world-population/>

Market Attractiveness

- Micro Level

- Ability to offer **compelling** benefits to particular market segments at a **price** customers are willing to pay
- Nature and size of segment
- Opportunity to differentiate from competitors
- Access to other segments (pathways to growth)

Read as: English Speakers with money



Industry Attractiveness

- Macro Level

- An attractive industry offers greater profit opportunity
- Assessment of industry attractiveness can be undertaken using Porter's Five Forces
 1. Threat of entry
 2. Threat of substitutes
 3. Bargaining power of suppliers
 4. Bargaining power of buyers
 5. Rivalry amongst existing competitors

Industry Attractiveness

- Micro Level

- Assessment of the sustainability of the proposed new firm's competitive advantage:
 - presence of proprietary elements
 - whether the firm has superior organisational processes, capabilities or resources



How to Research Market and Industry Attractiveness

- Secondary research (gathering data from trade publications, newspapers, published research, internet, government reports, etc)
- Primary research (interviews, focus groups, surveys)



PRE-ORDERS

The Team Domain

Takes into account:

- Business mission, personal aspirations and risk propensity
- Ability to execute on the critical success factors (CSFs)
- Connectedness up, down and across the value chain



VS



Using the Seven Domains Framework

- The domains are not additive; their relative importance can vary depending on the business, market and industry
- Strength on some factors **may** mitigate weakness on others
- It is crucial to identify opportunities which are flawed:
 - **Abandon** those that cannot be fixed
 - **Reshape** those which might be viable



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Twitter: @bozward

THANK YOU



An investor is not going to be Santa!

