Making the Leap

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Inventopia / VinPerfect

My Background

VinPerfect™
WINE’S FIRST PERFECT CLOSURE

- 11 ppm / year
- 27 ppm / year
- 48 ppm / year

inventopia

Co-Lab
Micro-Factory
Co-Working
Learning Objectives

Be able to answer the following questions:

- How do I know this idea is worth pursuing?
- What do I do first?
- What do I do next?

Overview

- Moving forward with the idea
- Your venture as an experiment
- Due diligence
- Your first $5 experiment
- Practice applying what you learned
Is The Idea Any Good?

- **type I errors**: Investing time and energy in a bad idea that looked good at first glance
- **everyone's a genius**
- **type II errors**: Rejecting a good idea because it looked bad at first glance
- **the MBA's curse**

**The inventor's curse**

- **idea looks...**
  - Good
  - Bad

- **idea is...**
  - Good
  - Bad
Lifecycle of a New Venture

- **Gen1**: 1st 3-9 Months
  - Manage for uncertainty and commitment

- **Gen2**: (startup)
  - Manage for market, product & process development

- **Gen3**: (transition)
  - Manage for building the company

- **Gen4**: (business)
  - Manage for growing the business

Net Cash Flow

Valley of Death

- # of New Ventures
- Funding

- Research Grants
- Development Grants (e.g. SBIR)
- Friends, Family, & Founders ($5-$50k)
- Angel Investors ($50-$500k)
- Early Stage Venture Capital ($500k-$2M+)
- Venture Capital ($2M-$50M)
- Private Equity, Project Financing ($2M-$50M)

Applied Research
Proof of Concept
Target Market
Business Plan
Working Prototypes
Founding Team
Engineering Prototypes
Supplier Contracts
Production Prototypes
Distribution Contracts
Product Introduction

IPO, Merger, or Acquisition ($2M-$50M)

Revenue Growth

EatRx
Read the case

- Would you invest?
- For this to work, what would have to be true?
- Write down 5 uncertainties you would want to resolve before committing.
- In teams of 4, compare your questions and come up with the 3 most important ones to answer first.

Moving forward means reducing your uncertainty
Value = Vision x Validation
Investment = Time & Money

The Challenge

Success is the number of experiments you can fit into 24 hours.
— Thomas Edison
A new venture is a series of experiments*  

* Designed to reduce uncertainty in order to enable greater commitment from you and others.
Managing the New Venture Process

Identify and resolve the critical uncertainties quickly and cheaply.

$5, $50, $500, $5,000...

The Objective (@ the start)

Reduce the most uncertainty for the time, energy, and money invested
The Mindset

Better to be specifically wrong than vaguely right.

The Framework

Technology
Is it feasible?

Market
Is it desirable?

Business
Is it viable?

Your Venture
The slide deck is your first $5 experiment

Setting Early Stage Deliverables

<table>
<thead>
<tr>
<th>Assumption / Hypothesis</th>
<th>$5</th>
<th>$50</th>
<th>$500</th>
<th>$5,000</th>
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For this to work, what would have to be true?
Setting Early Stage Deliverables

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<tbody>
<tr>
<td>Am I the ONLY winemaker that wants this?</td>
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<tr>
<td>Pitch Deck</td>
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<td>How will I test?</td>
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<td>Can it be manufactured (and with who)?</td>
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<td>Who can Advise me?</td>
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<td>Which Wineries will test for me?</td>
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<td>What are candidate materials?</td>
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Gen1 1st 3-9 Months
Gen2 (startup)
Gen3 (transition)
Gen4 (business)

The Mindset

**REMEMBER**

Better to be specifically wrong than vaguely right.