



Small is Beautiful

New Opportunities and Challenges For Entrepreneurs and Investors

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May 2007





Common Wisdom: New Ventures

- Come up with a disruptive technology
- Write a brilliant business plan
- Develop a stirring investor pitch



Common Wisdom . . .

- Raise a pile of money
- Build a world-class team
- Ship your beta version



Common Wisdom . . .

- Raise another pile of money
- Ship Version 1.0
- Hire a real CEO



Common Wisdom . . .

- Raise another pile of money
- Give lots of it to investment bankers
- Cash out!



A Better Alternative

Small is Beautiful:

Building a lean, scrappy, nimble company
without raising piles of money



Small is Beautiful

Top Ten New Rules

for entrepreneurs and investors



1. Fundamental Objective

Old Rule:

- Create wealth

New Rule:

- Create value



2. Getting Started

Old Rule:

- Brilliant entrepreneur

New Rule:

- Brilliant entrepreneurial team



Building Successful Teams . . .

The Optimist, the Pessimist, and the Engineer



3. Sharing the Vision

Old Rule:

- Craft a Mission Statement

New Rule:

- Create a Mantra



Mission Statements ...



“The mission of {???) is to deliver superior quality products and services for our customers and communities through leadership, innovation, and partnerships.”



Mission Statements ...

“We exist to professionally build long-term high-impact sources so that we may endeavor to synergistically leverage existing effective deliverables to stay competitive in tomorrow’s world.”

-- Dilbert Mission Statement Generator



Mantras ...



- Good food, fast (Wendy's)
- Absolutely, positively the next day (Fedex)
- Best fares, period (cFares)



4. Management Style

Old Rule:

- Plan the work, work the plan

New Rule:

- Ready, fire, aim!



5. Business Model

Old Rule:

- Raise capital

New Rule:

- Generate revenues



6. Foundation of Innovation

Old Rule:

- Good old American know-how

New Rule:

- Good new Global know-how



7. Competitive Advantage

Old Rule:

- First mover advantage

New Rule:

- Fast adaptor advantage



8. Marketing Strategy

Old Rule:

- Build it and they will come

New Rule:

- Everyone sells



9. Pace of Change

Old Rule:

- Innovation is accelerating

New Rule:

- Market penetration is slow



Pace of Change . . .

Progress is slower than we think:

- Software
- Bandwidth
- Energy
- Medicine
- Transportation
- Television.



Pace of Change . . .

What was the most successful innovation of the 20th Century?



Radio!





10. Source of Innovation

Old Rule:

- Technology drives innovation

New Rule:

- People trump technology



Top Ten New Rules

1. Focus on creating value
2. Build a team
3. Develop a mantra
4. Get in the game
5. Stay lean and scrappy
6. Go for the globe
7. Be nimble, be quick
8. Always be selling
9. Plan for continuous upgrading
10. Focus on people



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Questions, Comments, Slides:

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Resources:

- Garage website: www.garage.com
- Small is Beautiful: the article
- Art of the Start: the book

Thank you!!



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