

Entrepreneurship is a vital source of change in all facets of society, empowering individuals to seek opportunities where others see insurmountable problems. For the past century, entrepreneurs have created many great enterprises that subsequently led to job creation, improved productivity, increased prosperity, and a higher quality of life. Entrepreneurship is now playing a vital role in finding solutions to the huge challenges facing civilization, including health, communications, security, infrastructure, education, energy, and the environment.

Many books have been written to help educate others about entrepreneurship. Our textbook was the first to thoroughly examine a global phenomenon known as “technology entrepreneurship.” Technology entrepreneurship is a style of business leadership that involves identifying high-potential, technology-intensive commercial opportunities, gathering resources such as talent and capital, and managing rapid growth and significant risks using principled decision-making skills. Technology ventures exploit breakthrough advancements in science and engineering to develop better products and services for customers. The leaders of technology ventures demonstrate focus, passion, and an unrelenting will to succeed.

Why is technology so important? The technology sector represents a significant portion of the economy of every industrialized nation. In the United States, more than one-third of the gross national product and about half of private-sector spending on capital goods are related to technology. It is clear that national and global economic growth depends on the health and contributions of technology businesses.

Technology has also become ubiquitous in modern society. Note the proliferation of smartphones, personal computers, tablets, and the Internet in the past two decades and their subsequent integration into everyday commerce and our personal lives. When we refer to “high-technology” ventures, we include information technology enterprises, biotechnology and medical businesses, energy and sustainability companies, and those service firms where technology is critical to their missions. At the beginning of the twenty first century, many technologies show tremendous promise, including computational systems, Internet advancements, mobile communications platforms, networks and sensors, medical devices and biotechnology, artificial intelligence, robotics, 3D manufacturing, nanotechnology, and clean energy. The intersection of these technologies may indeed enable the most promising opportunities.

The drive to understand technology venturing has frequently been associated with boom times. Certainly, the often-dramatic fluctuations of economic cycles can foster periods of extreme optimism as well as fear with respect to entrepreneurship. However, some of the most important technology companies have been founded during recessions (e.g., Intel, Cisco, and Amgen). This book’s principles endure regardless of the state of the economy.

APPROACH

Just as entrepreneurs innovate by recombining existing ideas and concepts, we integrate the most valuable entrepreneurship and technology management theories from the world's leading scholars to create a fresh look at entrepreneurship. We also provide an action-oriented approach to the subject through the use of examples, exercises, and lists. By striking a balance between theory and practice, our readers gain from both perspectives.

Our comprehensive collection of concepts and applications provides the tools necessary for success in starting and growing a technology enterprise. We show the critical differences between scientific ideas and true business opportunities. Readers benefit from the book's integrated set of cases, examples, business plans, and recommended sources for more information.

We illustrate the book's concepts with examples from the early stages of high-technology firms (e.g., Apple, Google, and Genentech) and traditional firms that use technology strategically (e.g., FedEx and Wal-Mart). How did they develop enterprises that have had such positive impact, sustainable performance, and longevity? In fact, the book's major principles are applicable to any growth-oriented, high-potential venture, including high-impact nonprofit enterprises such as Conservation International and the Gates Foundation.

AUDIENCE

This book is designed for students in colleges and universities, as well as others in industry and public service, who seek to learn the essentials of technology and high-growth entrepreneurship. No prerequisite knowledge is necessary, although an understanding of basic accounting principles will prove useful.

Entrepreneurship was traditionally taught only to business majors. Because entrepreneurship education opportunities now span the entire campus, we wrote this book to be approachable by students of all majors and levels, including undergraduate, graduate, and executive education. Our primary focus is on science and engineering majors enrolled in entrepreneurship and innovation courses, but the book is also valuable to business students and others with a particular interest in high-growth ventures.

For example, our courses at Stanford University, the University of Oregon, and the University of California, Davis, based on this textbook regularly attract students from majors as diverse as computer science, product design, political science, economics, pre-med, electrical engineering, history, biology, and business. Although the focus is on technology entrepreneurship, these students find this material applicable to the pursuit of a wide variety of endeavors. Entrepreneurship education is a wonderful way to teach universal leadership skills, which include being comfortable with constant change, contributing to an innovative team, and demonstrating passion in any effort. Anyone can learn entrepreneurial thinking and leadership. We particularly encourage instructors to design courses in which the students form study teams early in the term and learn to work together effectively on group assignments.

WHAT'S NEW

Based upon feedback from readers and new developments in the field of technology entrepreneurship, numerous enhancements appear in this fourth edition. Recent compelling academic theories and practitioner insights in entrepreneurship from leading scholarly journals, trade books, and popular blogs and press are included in the text. Special attention is given to business model development and measurement, lean start-ups, design thinking, intellectual property, and marketing and sales. All examples and exercises were reviewed to place even more emphasis on exciting technology ventures around the globe.

Chapters 1 and 2 have been extensively revised to better introduce the art and science of venturing. Chapter 3 now contains the latest techniques on business model development and lean start-up methodologies. The concept story and business plan development materials and tools are consolidated and improved in a new Chapter 6 to start Part II. Similarly, a new Chapter 8 consolidates and expands content regarding creativity and product development. Chapter 11 is solely focused on the vital topic of intellectual property. Chapter 12 now has all key material on teams and organizational learning in one place. Two new full-length cases regarding clean technology and sustainability are included in the appendix. The AgraQuest sequential case in each chapter has been replaced with an examination of an exemplary enterprise relevant to that material. Cases no longer in use from previous versions are available on our websites. Some reordering of sections within chapters streamlines the remaining content.

FEATURES

The book is organized in a modular format to allow for both systematic learning and random access of the material to suit the needs of any reader seeking to learn how to grow successful technology ventures. Readers focused on business plan and model development should consider placing a higher priority on Chapters 3, 6, 9, 11, 12, 17, 18, and 19. Regardless of the immediate learning goals, the book is a handy reference and companion tool for future use. We deploy the following wide variety of methods and features to achieve this goal, and we welcome feedback and comments.

Principles and Chapter Previews—A set of 20 fundamental principles is developed and defined throughout the book. They are listed in the inside front cover as well. Each chapter opens with a key question and outlines its content and objectives.

Examples and Exercises—Examples of cutting-edge technologies illustrate concepts in a shaded-box format. Information technology is chosen for many examples because students are familiar with its products and services. Exercises are offered at the end of each chapter to test comprehension of the concepts.

Sequential Exercise and Spotlights—A special exercise called the “venture challenge” guides readers through a chapter-by-chapter formation of a new

TABLE P1 Overview of cases.

Cases in appendix B	Synopsis	Issues
Method	A start-up contemplates a new product line	Opportunities, vision and the business model, marketing and sales
Method products	A product development effort runs into problems	Innovation strategies, creativity, and product development
Biodiesel	Three founders consider an opportunity in the energy industry	Opportunity identification and evaluation, business model
Yahoo!	Two founders face a decision on financing that forces them to confront their vision	Vision and business model, sources of capital, business plan
Barbara's Options	A soon-to-be graduate weighs two job offers	Stock options, finance
Artemis Images	A promising image management company runs into trouble	Competitive strategy, business model, team, finance
Sirtris Pharmaceuticals	A life sciences firm faces major decisions about its future	Alliances, licensing, market strategy
Cooliris	A young entrepreneur struggles to hire a team	Hiring process, scaling issues

enterprise. At the end of each chapter's narrative, a successful enterprise is profiled in a special "spotlight" section.

Business Plans—Methods and tools for the development of a business plan are gathered into one special chapter, which includes a thoroughly annotated table of contents. A sample business plan is provided in appendix A.

Cases—Eight comprehensive cases are included in appendix B. A short description of each case is provided in Table P1. Additional cases from Harvard and ECCH are recommended on this textbook's websites.

References and Glossary—References are indicated in brackets [Smith, 2001] and are listed as a complete set in the back of the book. This is followed by a comprehensive glossary.

Chapter Sequence—The chapter sequence represents our best effort to organize the material in a format that can be used in various types of entrepreneurship courses. The chapters follow the four-part layout shown in Figure P1. Courses focused on creating business plans and models can reorder the chapters with emphasis on Chapters 3, 6, 9, 11, 12, 17, 18, and 19.

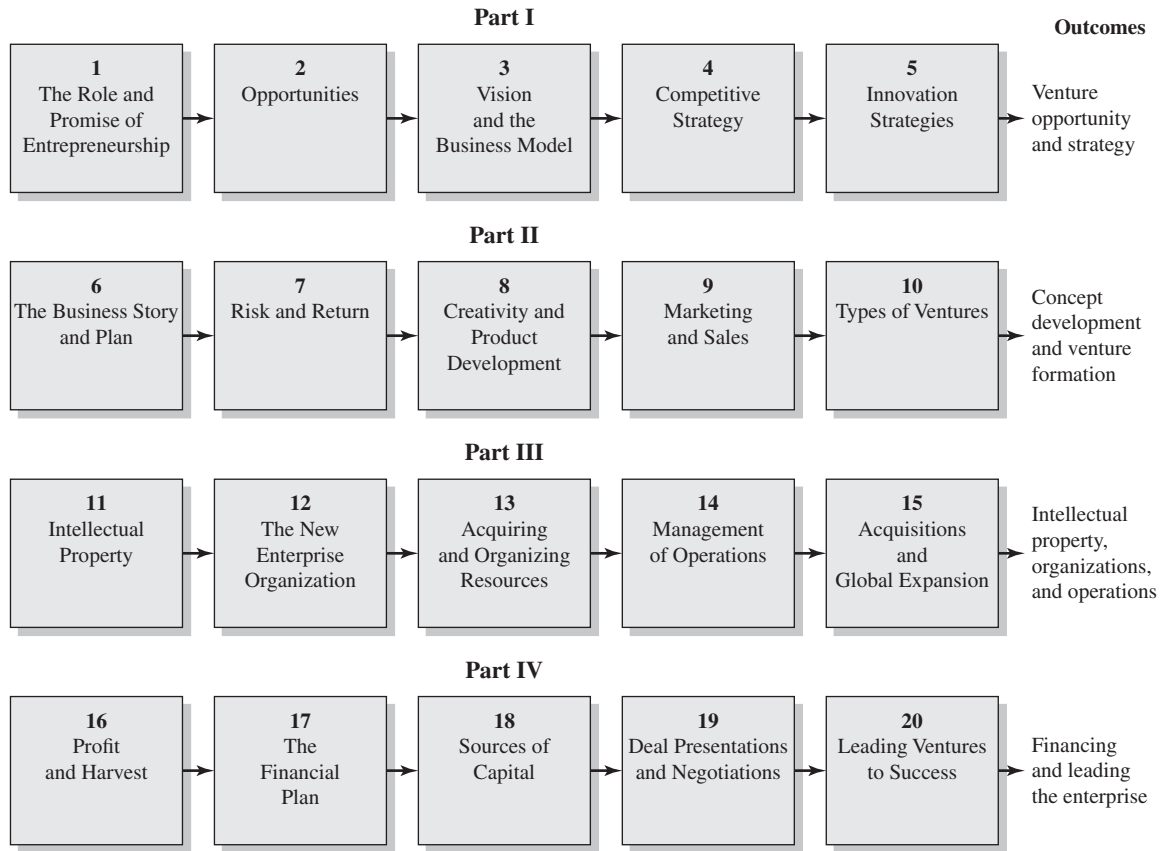


FIGURE P1 Chapter sequence.

Video Clips—A collection of suggested videos from world-class entrepreneurs, investors, and teachers is listed at the end of each chapter and provided on this textbook’s websites. More free videos clips and podcasts are available at Stanford’s Entrepreneurship Corner website (see <http://ecorner.stanford.edu>).

Websites and Social Networking—Please visit websites for this book at both McGraw-Hill Higher Education (<http://www.mhhe.com/byersdorf>) and Stanford University (<http://techventures.stanford.edu>) for supplemental information applicable to educators, students, and professionals. For example, a complete syllabus for an introductory course on technology entrepreneurship and additional learning resources for each chapter are provided for instructors.

ELECTRONIC TEXTBOOK OPTIONS

E-books are an innovative way for students to save money and create a greener environment at the same time. An e-book can save students about half the cost of a traditional textbook and offers unique features like a powerful search engine, highlighting, and the ability to share notes with classmates using e-books.

McGraw-Hill offers this text as a CourseSmart ebook. With the CourseSmart eTextbook version of this title, students can save over half off the cost of a print book, reduce their impact on the environment, and access powerful Web tools for learning. Faculty can also review and compare the full text online without having to wait for a print desk copy. CourseSmart is an online eTextbook, which means users need to be connected to the Internet in order to access. Students can also print sections of the book for maximum portability.

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BRIEF CONTENTS

Foreword, xi

Preface, xiii

PART I VENTURE OPPORTUNITY AND STRATEGY

- 1 The Role and Promise of Entrepreneurship 3
- 2 Opportunities 25
- 3 Vision and the Business Model 51
- 4 Competitive Strategy 67
- 5 Innovation Strategies 99

PART II CONCEPT DEVELOPMENT AND VENTURE FORMATION

- 6 The Business Story and Plan 121
- 7 Risk and Return 139
- 8 Creativity and Product Development 163
- 9 Marketing and Sales 183
- 10 Types of Ventures 213

PART III INTELLECTUAL PROPERTY, ORGANIZATIONS, AND OPERATIONS

- 11 Intellectual Property 243
- 12 The New Enterprise Organization 257
- 13 Acquiring and Organizing Resources 289
- 14 Management of Operations 307
- 15 Acquisitions and Global Expansion 329

**PART IV FINANCING AND LEADING THE
ENTERPRISE**

- 16 Profit and Harvest 349**
- 17 The Financial Plan 371**
- 18 Sources of Capital 395**
- 19 Deal Presentations and Negotiations 439**
- 20 Leading Ventures to Success 451**

References, 473

Appendices, 493

Glossary, 581

Index, 590

CONTENTS

Foreword, xi

Preface, xiii

PART I VENTURE OPPORTUNITY AND STRATEGY 1

Chapter 1

The Role and Promise of Entrepreneurship 3

- 1.1 Entrepreneurship in Context 4
- 1.2 Economics and the Firm 7
- 1.3 Creative Destruction 12
- 1.4 Innovation and Technology 14
- 1.5 The Technology Entrepreneur 16
- 1.6 Spotlight on Facebook 21
- 1.7 Summary 21

Chapter 2

Opportunities 25

- 2.1 Types of Opportunities 26
- 2.2 Market Engagement and Design Thinking 31
- 2.3 Types and Sources of Innovation 35
- 2.4 Trends and Convergence 38
- 2.5 Opportunity Evaluation 40
- 2.6 Spotlight on Solazyme 46
- 2.7 Summary 47

Chapter 3

Vision and the Business Model 51

- 3.1 The Vision 52
- 3.2 The Mission Statement 54
- 3.3 The Value Proposition 55
- 3.4 The Business Model 59
- 3.5 Business Model Innovation in Challenging Markets 63
- 3.6 Spotlight on Stratasys 65
- 3.7 Summary 65

Chapter 4

Competitive Strategy 67

- 4.1 Venture Strategy 68
- 4.2 Core Competencies 71
- 4.3 The Industry and Context for a Firm 72
- 4.4 SWOT Analysis 76
- 4.5 Barriers to Entry 77
- 4.6 Achieving a Sustainable Competitive Advantage 79
- 4.7 Alliances 84
- 4.8 Matching Tactics to Markets 88
- 4.9 The Socially Responsible Firm 91
- 4.10 Spotlight on Google 95
- 4.11 Summary 95

Chapter 5

Innovation Strategies 99

- 5.1 First Movers versus Followers 100
- 5.2 Imitation 106

- 5.3 Technology and Innovation Strategy 107
- 5.4 New Technology Ventures 111
- 5.5 Spotlight on AgraQuest 115
- 5.6 Summary 115

PART II CONCEPT DEVELOPMENT AND VENTURE FORMATION 119

Chapter 6

The Business Story and Plan 121

- 6.1 Creating a New Business 122
- 6.2 The Concept Summary and Story 123
- 6.3 The Business Plan 127
- 6.4 The Elevator Pitch 131
- 6.5 An Annotated Table of Contents 132
- 6.6 Spotlight on Amazon 135
- 6.7 Summary 136

Chapter 7

Risk and Return 139

- 7.1 Risk and Uncertainty 140
- 7.2 Scale and Scope 148
- 7.3 Network Effects and Increasing Returns 152
- 7.4 Risk versus Return 157
- 7.5 Managing Risk 157
- 7.6 Spotlight on Dropbox 159
- 7.7 Summary 159

Chapter 8

Creativity and Product Development 163

- 8.1 Creativity and Invention 164
- 8.2 Product Design and Development 169

- 8.3 Product Prototypes 174
- 8.4 Scenarios 177
- 8.5 Spotlight on Teva Pharmaceuticals 178
- 8.6 Summary 180

Chapter 9

Marketing and Sales 183

- 9.1 Marketing 184
- 9.2 Marketing Objectives and Customer Target Segments 185
- 9.3 Product and Offering Description 187
- 9.4 Brand Equity 189
- 9.5 Marketing Mix 190
- 9.6 Social Media and Marketing Analytics 195
- 9.7 Customer Relationship Management 197
- 9.8 Diffusion of Technology and Innovations 200
- 9.9 Crossing the Chasm 202
- 9.10 Personal Selling and the Sales Force 206
- 9.11 Spotlight on DirecTV 208
- 9.12 Summary 209

Chapter 10

Types of Ventures 213

- 10.1 Legal Form of the Firm 214
- 10.2 Independent versus Corporate Ventures 217
- 10.3 Nonprofit and Social Ventures 219
- 10.4 Corporate New Ventures 222
- 10.5 The Innovator's Dilemma 227
- 10.6 Incentives for Corporate Entrepreneurs 229
- 10.7 Building and Managing Corporate Ventures 230
- 10.8 Spotlight on Twitter 237
- 10.9 Summary 237

PART III INTELLECTUAL PROPERTY, ORGANIZATIONS, AND OPERATIONS 241

Chapter 11

Intellectual Property 243

- 11.1 Protecting Intellectual Property 244
- 11.2 Trade Secrets 245
- 11.3 Patents 246
- 11.4 Trademarks and Naming
the Venture 249
- 11.5 Copyrights 251
- 11.6 Licensing and University Technology
Transfer 251
- 11.7 Spotlight on Apple 253
- 11.8 Summary 253

Chapter 12

The New Enterprise Organization 257

- 12.1 The New Venture Team 258
- 12.2 Organizational Design 262
- 12.3 Leadership 265
- 12.4 Management 269
- 12.5 Recruiting and Retention 271
- 12.6 Organizational Culture and Social
Capital 274
- 12.7 Managing Knowledge Assets 279
- 12.8 Learning Organizations 281
- 12.9 Spotlight on Intuit 286
- 12.10 Summary 286

Chapter 13

Acquiring and Organizing Resources 289

- 13.1 Acquiring Resources
and Capabilities 290
- 13.2 Influence and Persuasion 292

- 13.3 Location and Cluster Dynamics 294
- 13.4 Vertical Integration and Outsourcing 297
- 13.5 Innovation and Virtual
Organizations 300
- 13.6 Acquiring Technology
and Knowledge 301
- 13.7 Spotlight on Netflix 303
- 13.8 Summary 304

Chapter 14

Management of Operations 307

- 14.1 The Value Chain 308
- 14.2 Processes and Operations
Management 311
- 14.3 The Value Web 316
- 14.4 The Internet and Operations 320
- 14.5 Strategic Control and Operations 322
- 14.6 Spotlight on Clean Harbors 325
- 14.7 Summary 325

Chapter 15

Acquisitions and Global Expansion 329

- 15.1 Acquisitions and the Quest for Synergy 330
- 15.2 Acquisitions as a Growth Strategy 332
- 15.3 Global Business 336
- 15.4 Spotlight on Alibaba 343
- 15.5 Summary 343

PART IV FINANCING AND LEADING THE ENTERPRISE 347

Chapter 16

Profit and Harvest 349

- 16.1 The Revenue Model 350
- 16.2 The Cost Model 351

- 16.3 The Profit Model 352
- 16.4 Managing Revenue Growth 356
- 16.5 The Harvest Plan 363
- 16.6 Exit and Failure 366
- 16.7 Spotlight on Baidu 367
- 16.8 Summary 368

Chapter 17

The Financial Plan 371

- 17.1 Building a Financial Plan 372
- 17.2 Sales Projections 374
- 17.3 Costs Forecast 375
- 17.4 Income Statement 375
- 17.5 Cash Flow Statement 375
- 17.6 Balance Sheet 378
- 17.7 Results for a Pessimistic Growth Rate 381
- 17.8 Breakeven Analysis 384
- 17.9 Measures of Profitability 389
- 17.10 Spotlight on SolarCity 390
- 17.11 Summary 391

Chapter 18

Sources of Capital 395

- 18.1 Financing the New Venture 396
- 18.2 Venture Investments as Real Options 398
- 18.3 Sources and Types of Capital 401
- 18.4 Bootstrapping and Crowdsourcing 404
- 18.5 Debt Financing and Grants 407
- 18.6 Angels 408
- 18.7 Venture Capital 410
- 18.8 Corporate Venture Capital 415
- 18.9 Valuation 417
- 18.10 Initial Public Offering 421
- 18.11 Spotlight on Tesla 435
- 18.12 Summary 435

Chapter 19

Deal Presentations and Negotiations 439

- 19.1 The Presentation 440
- 19.2 Critical Issues 442
- 19.3 Negotiations and Relationships 444
- 19.4 Term Sheets 446
- 19.5 Spotlight on LinkedIn 447
- 19.6 Summary 447

Chapter 20

Leading Ventures to Success 451

- 20.1 Execution 452
- 20.2 Stages of an Enterprise 455
- 20.3 The Adaptive Enterprise 462
- 20.4 Ethics 466
- 20.5 Spotlight on Intuitive Surgical 469
- 20.6 Summary 470

References 473

Appendices

- A. Sample Business Plan 493
 - Calcula Technologies* 494
- B. Cases

Method: Entrepreneurial Innovation, Health, Environment, and Sustainable Business Design 498

Method Products: Sustainability Innovation As Entrepreneurial Strategy 505

Biodiesel Incorporated 518

Yahoo! 522

Barbara's Options 538

Artemis Images 542

Sirtris Pharmaceuticals: Living Healthier, Longer (Abridged) 563

Cooliris: Building An A+ Team 575

Glossary 581

Index 590

MEDIA SUPPLEMENTS FOR STUDENTS AND INSTRUCTORS

The 4th edition is supplemented by two websites, collectively bringing students and instructors the most extensive resources available for technology and high-growth entrepreneurship courses. Visitors to either website can link to the authors' social networking sites in order to interact with the authors and other readers.

McGraw-Hill Website
www.mhhe.com/byersdorf

Accessed with a password, the McGraw-Hill website for instructors features:

- Answers to end-of-chapter exercises
- Teaching notes in Word and PDF format for the cases in appendix B
- Extensive sample presentations based on the text

Sample presentations provide instructors with a framework for organizing their lectures, and reference topic-related videos on the textbook's websites.



3 Vision and the Business Model

TABLE 3.8 Elements of a business model.

■ Customer selection:	Who is the customer? Is our offering relevant to this customer?
■ Value proposition:	What are the unique benefits?
■ Differentiation and control:	How do we protect our cash flow and relationships? Do we have a sustainable competitive advantage?
■ Scope of product and activities:	What is the scope of our product activities? What activities do we do, and what do we outsource?
■ Organizational design:	What is the organizational architecture of the firm?
■ Value r...	
■ Value r...	

3 Vision and the Business Model

The business design answers three key questions:

- Who is the customer?
- How are the needs of the customer satisfied?
- How are the profits captured and profitability protected?

3 Vision and the Business Model

Key Partners, Key Activities, Value Proposition, Customer Relationships, Customers, Channels, Revenue, Key Resources, Costs

S3.4 The Business Model Technology Ventures: From Idea to Enterprise

MEDIA SUPPLEMENTS FOR STUDENTS AND INSTRUCTORS

Stanford University Website <http://techventures.stanford.edu>

Rich with content, the author-created Stanford website provides relevant media for each chapter in *Technology Ventures*, including:

- Video clips and podcasts of entrepreneurial leaders including founders, CEOs, venture capitalists, authors, educators, and policy makers.
- Suggested case studies from Harvard Business School and other universities around the globe.
- Resources on how to best integrate the book's business plans and case studies into entrepreneurship courses.
- Links to compelling resources on entrepreneurship.
- Additional sample business plans to augment the executive summary in appendix A.
- Sample syllabi including one from an actual Stanford University course for students of all majors.
- A collection of the videos listed in the “Video Resources” section at the end of each chapter in this textbook.

