

# DAAD International Workshop

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## DAAD International Workshop on Entrepreneurship for Academic Innovations in Information Technology

Hotel Le Royal  
Hammamet  
Tunisia  
May 26-27 2012

## **Transformation an Idea Into a Business**

# Agenda

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- Becoming an entrepreneur!? What's that? Why?
- Becoming an entrepreneur!? - as a career option?
- Starting your own business – why?
- Success and risk factors of starting your own business
- The entrepreneur from university
- Presentation of the Entrepreneurship Project in the region “Central Hessen”
- Starting your own business – how?
- Financing the business
- Business plan - important steps
- Examples

# Gert Schorradt

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- Dr. Gert Schorradt studied engineering and economics (University of Wuppertal, Bochum, Rendsburg / Kiel, Germany), Doctor of mechanical engineering (Dr.-Ing.) at University of Essen.
- Next steps:
- a big Engineering Company in Düsseldorf, responsible for acquisition and order transaction in the industrial sector for multinational companies and
- a world wide leader of self-adhesive materials responsible as Deputy Head of Department Industrial Engineering and Development for Rationalization, new technologies and design of new subsidiaries / production factories.

# Gert Schorrardt

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- Since 1987 Gert Schorrardt operates in the VC/Private Equity business and helping ideas becoming reality.
- WestLB, Düsseldorf, high tech Private Equity/Venture Capital subsidiary (dealflow: renewable energy, logistic, IT, telecom, high tech, automotive, ecology / antipollution, .., small caps and mid caps, ...) and Commerzbank, Frankfurt as Executive Director Investment Department and Managing Director CBG Commerz Beteiligungsgesellschaft mbH (Private Equity) and Member of the Managing Board Commerz Unternehmensbeteiligungs-AG (Private Equity). Capital under Management up to 400 million EUR (80 companies). He was responsible for a lot of companies, a lot of successful IPO's and exits (e.g.: Thyssen Telekom, FHW Feucht Hygiene Werke, PopNet Internet, Sachsenring, Krings Fruchtsaft, Refresco). He was active in lobbying with alliances, authorities and many Federal Ministeries (e.g.: Department of Trade and Industry, Düsseldorf, Mainz, und Stuttgart; KfW Kreditanstalt für Wiederaufbau und BVK, evca and a member of Supervisory-Boards of german and international Companies.

# Gert Schorradt

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- Further Gert Schorradt works as Consultant of Private Equity at his own company and attend to medium-sized companies (fundraising, member of supervisory boards, coaching, interim management, M&A, new products, international deals and cooperations.) He is active as Business Angel. He is networking with a big number of people and companies.
- 2009 to 2011 he act as a Managing Director of ECM Entrepreneurship Cluster Mittelhessen, a project of the Universities of Gießen, Marburg and the Technical University of Mittelhessen and the Federal Ministry of Economics and Technology, Berlin. He was responsible for teaching, coaching, founding and financing new ideas (high tech and research projects) with academic founders and structured teams. Entrepreneurship in Germany.
- 2012 he will founding and funding some projects and teaching entrepreneurship and financing.

# Becoming an entrepreneur!? What's that? Why?

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*An entrepreneur is an individual who accepts some sort of risk — usually financial — in the pursuit of new ventures.*

*The word can apply to any person organizing a new project or opportunity, though it is most often used in a business context.*

*A person in this role is often characterized as innovative, independent, optimistic, creative, and hard-working.\**

\*[www.wisegeek.com/what-is-an-entrepreneur.htm](http://www.wisegeek.com/what-is-an-entrepreneur.htm)

# What Makes An Entrepreneur?

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- *" For many commentators this is the era of the*
- *entrepreneur. After years of neglect, those who start and*
- *manage their own businesses are viewed as popular*
- *heroes. They are seen as risk-takers and innovators who*
- *reject the relative security of employment in large*
- *organizations to create wealth and accumulate capital.*
- *Indeed, according to many, economic recovery ... is*
- *largely dependent upon their ambitions and efforts."*
- *(Robert Goffee and Richard Scase (1987), p.1.)*



# Becoming an entrepreneur as a career option

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- **Starting your own business – why?**
- Success and risk factors of starting your own business
- Entrepreneurship Cluster Mittelhessen as supporting institution

# Starting your own business – PEPperPRINT

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## PEPperPRINT



- PEPperPRINT primarily focuses on the distribution of high density peptide arrays on demand
- Founded in 2001 as a spin-off of the German Cancer Research Center in Heidelberg
- Implementation of the technology was initially published in Science magazine in 2007
- Launch of the operative business in 2009

# Starting your own business – why?

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„I want to be financially independent.“

„I always take responsibility for my own life.“

„I am very curious and I gladly try out new things“

„I have a good business idea, which I want to realize.“

„I am persistent when I want someone on board for something.“

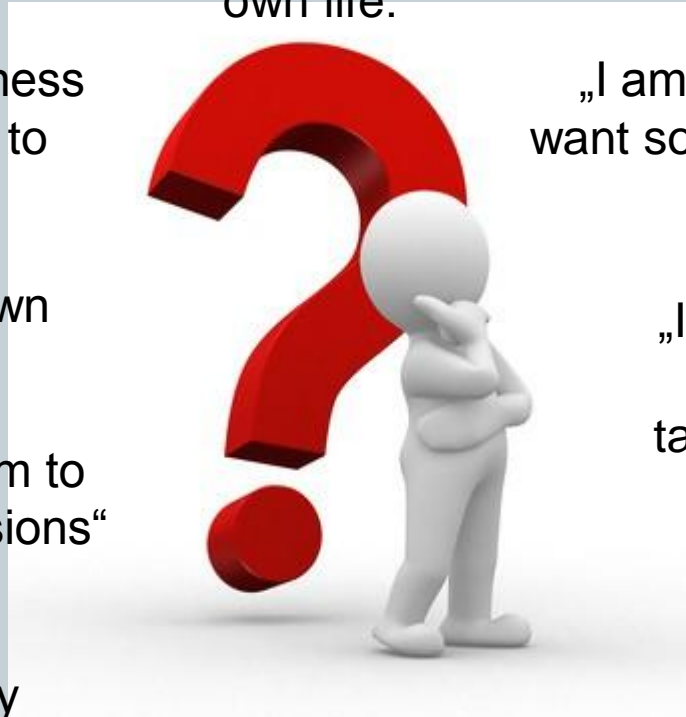
„I want to become my own boss.“

„I am able to get positive aspects out of difficult tasks, so that I love to do them.“

„I enjoy the freedom to make my own decisions“

„Every time I deliberately enjoy the moment of having managed a challenging task“

„Working together with others makes me virtually always feel like a puppet on a string.“



# Starting your own business – why?

13

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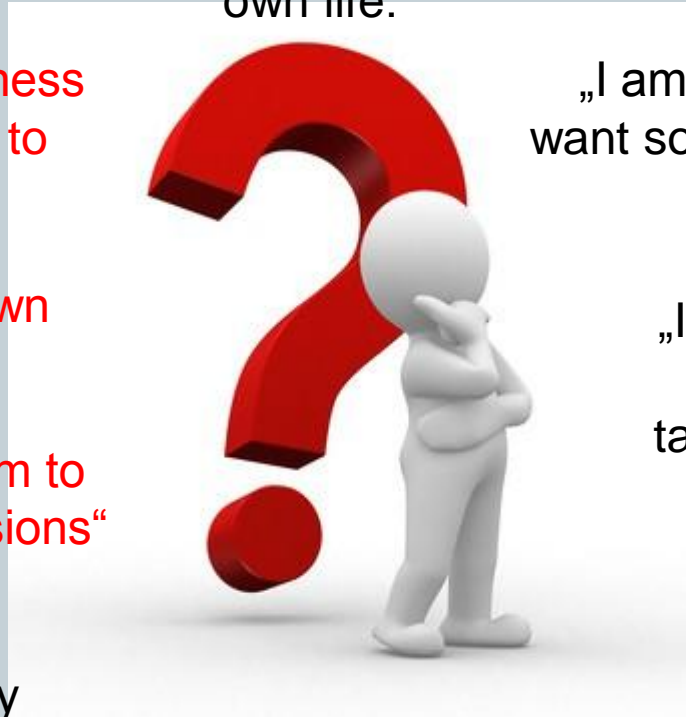
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„I want to put my ideas into practice.“

# Starting your own business – why?

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## University start-ups

technology-based  
start-ups

strengthening of industrial  
branches with a promising  
future

entrepreneurial  
independence at  
universities is promoted  
explicitly



knowledge-based and  
science-based  
start-ups

quick growth in comparison  
to “normal” start-ups

university start-ups are  
regarded as innovative  
and successful

# Starting your own business – why?

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# Starting your own business – why?

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## Start-ups in the life sciences sector

biomedical research

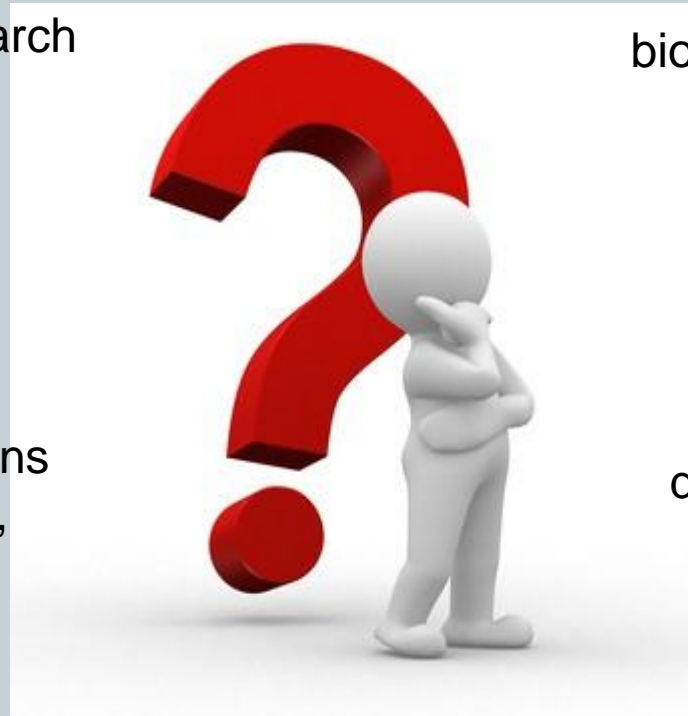
biotechnology

health research

nutritional research

wide range of applications  
in the sector of health,  
environmental and  
nutritional research

possibility to raise  
awareness about  
diseases and to develop  
new forms of therapy



biotechnology as incentives of  
innovations



# Starting your own business – why?

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## Technical development changes society

- Support programs of the Federal Ministry of Education and Research are to support the research and development of new technologies with a promising future in order to establish the economic and social basis for the future of our country
- Research promotion in the life sciences sector, e.g. “Biotechnology – Using and Shaping its Opportunities” or “Health Research: Research for People”
- Promotion of entrepreneurial independence at universities by programs, such as EXIST („Existenzgründungen aus der Wissenschaft“) or GO-Bio („Gründungs-Offensive Biotechnologie“) or IKT (Informations and Communications Technology), ...

# Starting your own business – examples for business ideas in the life sciences sector

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## Amniofluid GmbH



- Michael Rochel found that it is no coincidence that newborns have healthy skin
- Taking a closer look at the amniotic fluid he found that it contains hyaluronic acid which is known to speed up wound healing
- Together with pharmacist Uwe-Bernd Rose he developed a hyaluronic acid gel in 2005
- 2008: amniosan Gel is marketed throughout Germany

- Starting your own business – why?
- **Success and risk factors of starting your own business**
- Entrepreneurship Cluster Mittelhessen as supporting institution

- Starting your own business – why?
- **Success and risk factors of starting your own business**
  - success and risk factors
  - success factor “team”
  - success factors financing, strategy and planning
- Entrepreneurship Cluster Mittelhessen as supporting institution

# Success and risk factors

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Every fourth young person in Europe would choose self-employment over wage employment, but only a few people do realize self-employment (in EU 13%, in USA 10%)

Why do start-ups appear deterrent to the population? (Görsch, 2002)

- insufficient capital 42.8%
- personal risk is too high 30.7%
- good perspectives in paid employment 27.4%

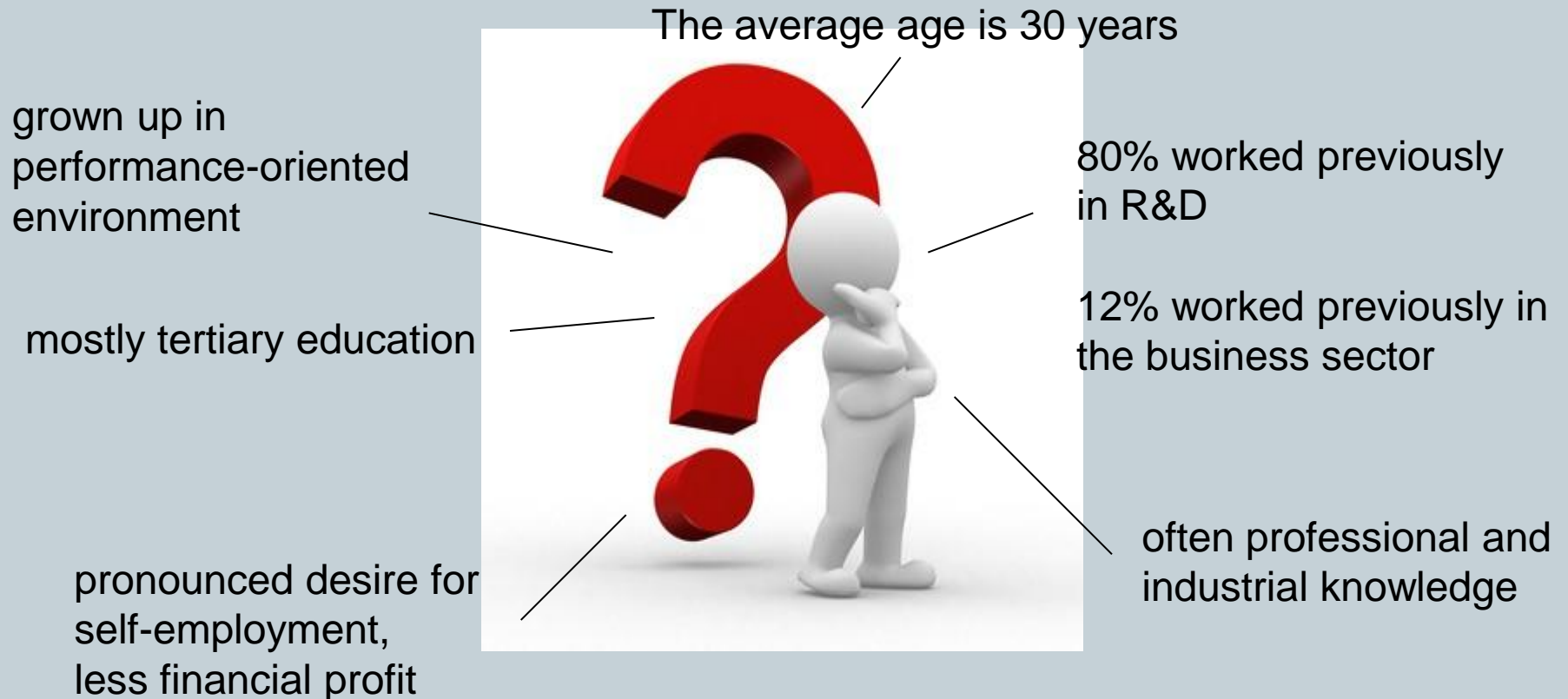


Risk can be reduced by effective planning, but it still remains an essential factor!

# Success and risk factors

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## “The entrepreneur from university”



# Success and risk factors

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**Factors of success and failure of young German technology enterprises – qualitative study (n=93) (Kulicke, 1993)**

characteristics of start-ups	success	failure
setting up business by a team or by an individual person	predominantly start-ups by teams	mainly start-ups by an individual
number of entrepreneurs	in the majority of cases > 3 persons	large circle of entrepreneurs is represented below average
Age of the entrepreneur at the moment he/she starts up his/her own business	rarely young entrepreneurs, in overwhelming majority middle-aged entrepreneurs	in the majority cases of young entrepreneurs, rarely middle-aged entrepreneurs

# Success and risk factors

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characteristics of start-ups	success	failure
cooperation in R&D	Cooperation with external R&D institutions (especially universities)	little cooperation
financial shortage	If shortages: without complications for the business concept	In the majority of cases modification of the business concept necessary
preparation of setting up	In the majority of cases methodical preparation of setting up business	In no case methodical preparation of setting up business, in the majority of cases development by trial and error

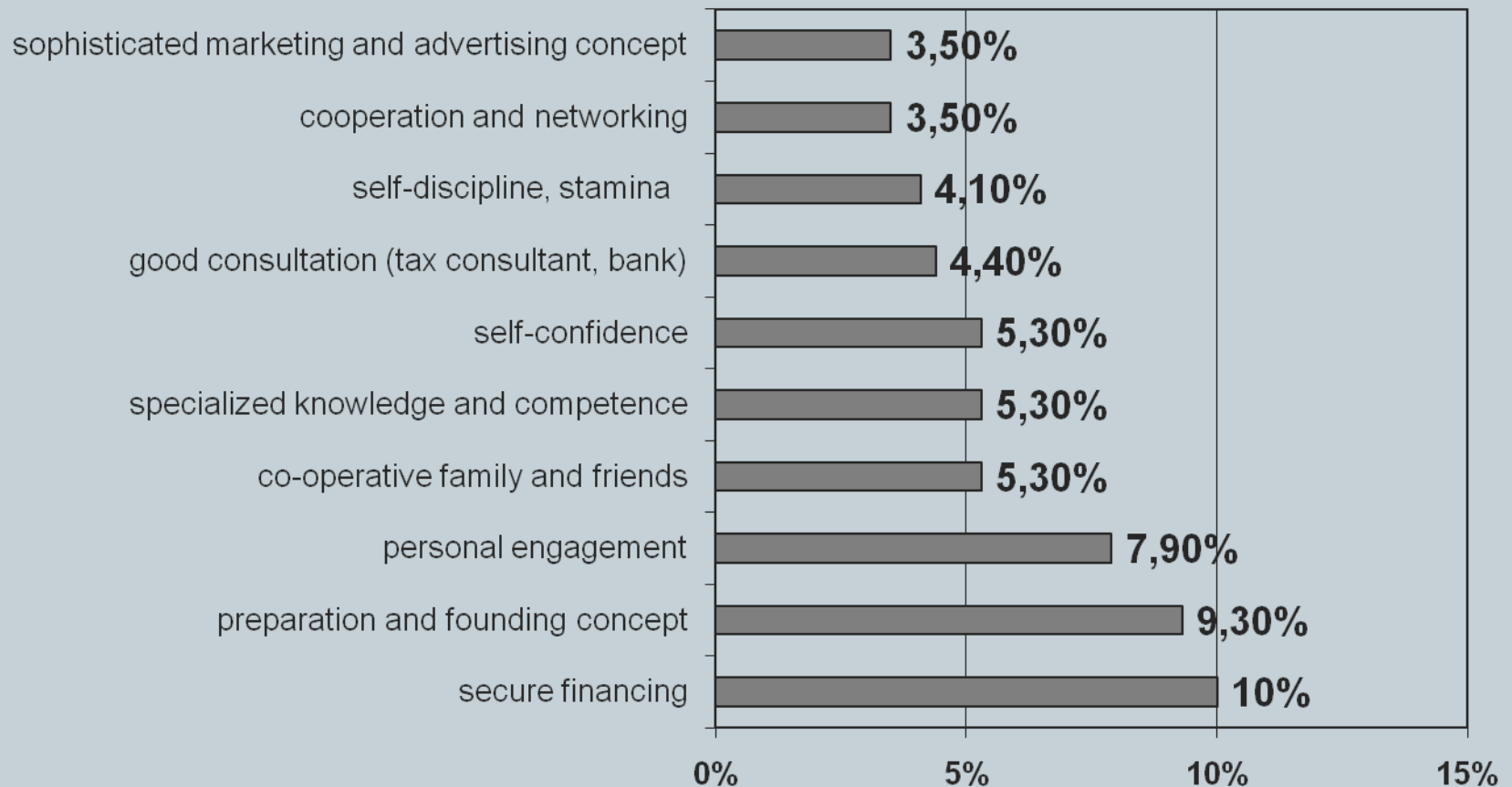
(Kulicke, 1993)



# Success and risk factors

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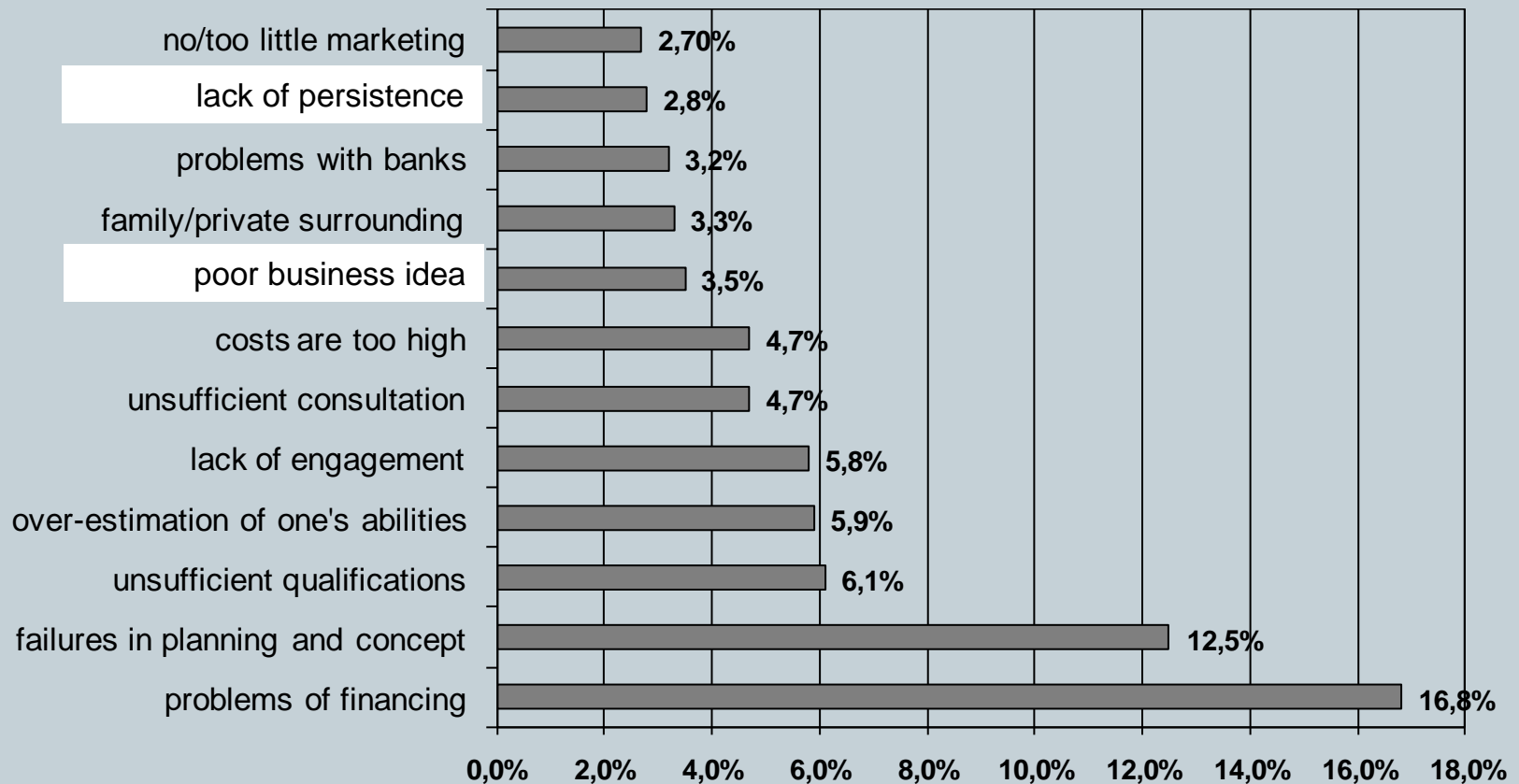
## Main factors for a successful start-up (Maisberger et. al. 1997)



# Success and risk factors

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## Main factors for the failure of a start-up (Maisberger et. al. 1997)



# Becoming self-employed in Germany – judicial requirements

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## **Citizens from an EU-member country**

- Due to the „freedom of establishment“ and the „economic freedom“ there are no restricting arrangements on the part of the Aliens Department for citizens from an EU-member country
- However, a notification at the local employment bureau is necessary

## **Citizens from a Non-EU-member country**

- In principle it is possible to allow persons from Non-EU-member countries who have a residence authorization for Germany to be self-employed by changing the condition of the residence authorization. But there needs to exist a superior economical or local necessity.
- However, a highly qualified foreigner can receive a settlement permit in special cases.

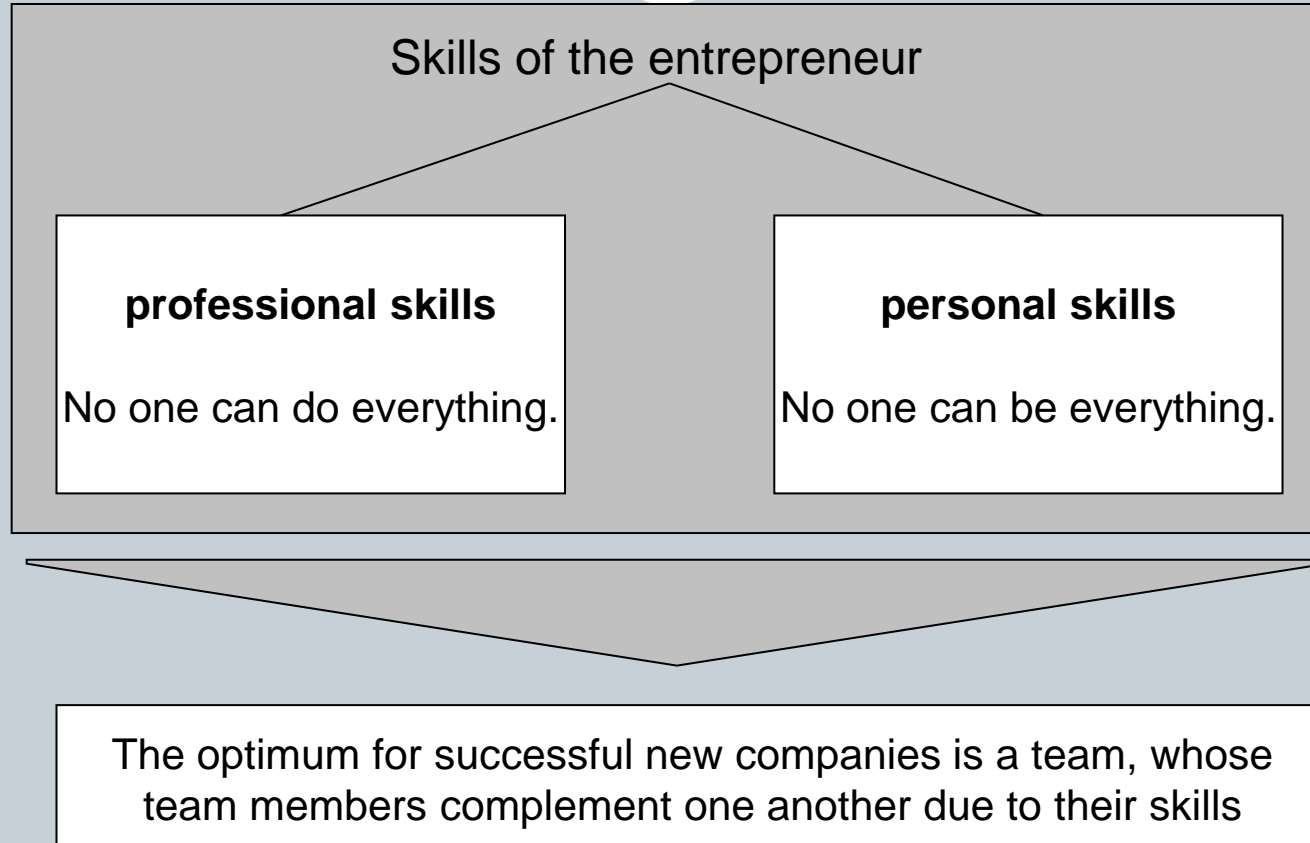
# Success and risk factors: summary

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- Main risk factor: (lack of) financing / closely interlinked to failures in planning and concept
- Entrepreneurs from a technical or scientific field are supposed to win team members with business knowledge as quickly as possible
- Industrial knowledge is important, but can be compensated by enlisting skilled members  
(e.g. knowledge transfer by universities, advisory services & financial support by university-related venture capital companies or public support programs)

# Success factor “team” I

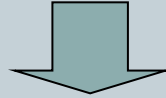
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# Success factor “team” II

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Good working  
atmosphere within  
the team is important



trust in each other



**Aspects of a  
successful team  
formation**



heterogeneous occupation  
(qualifications, different  
backgrounds, networking)



same commitment

# Success factor “team” III

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There is no ideal-typical composition of a successful entrepreneurial team

## **Alando**

Start-up by six persons (Samwer-brothers + 3 friends); similar professional background, but diverse personal skills; Team was crucial for investment by Wellington (between 10 and 30 million DM); business model was copied (ebay.com)

## **StudiVZ**

Start-up by three persons (Ehssan Dariani, economics; Dennis Bemann, computer science; Michael Brehm, business studies); Friends Ehssan and Dennis recruited intentionally Michael to the team; clear distribution of tasks within the team; positive team atmosphere; business model was copied (Facebook)

## **Hitflip**

Start-up by three persons (Andre Alpar, Jan Miczaika, Gerald Schönbucher); all of them obtained a doctorate in entrepreneurship at the WHU; all three of them were interested in E-Business; model was copied (Peerflix)

# Success factor “team”: summary

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The potential of management team and employees is considered one of the **crucial success factors** of a start-up. Often the topic of management is given a similarly high priority as the business idea itself.

- Important qualities are soft skills: industrial knowledge, ability to work in a team, visionary power, entrepreneurial experience,...
- The existing skills and qualifications in a management team should complement one another
- Shortages in human resources and weaknesses (and measures how to eliminate them) are supposed to be honestly mentioned in the business plan



# Success factors financing, strategy & planning I

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## **A good business idea and a business model are requirements for business planning**

### **Business idea**

- “Take an idea, punch it, pull it, ask the right questions, and if it holds up - it’s an opportunity: a chance to build a viable venture” (Paul Graham)

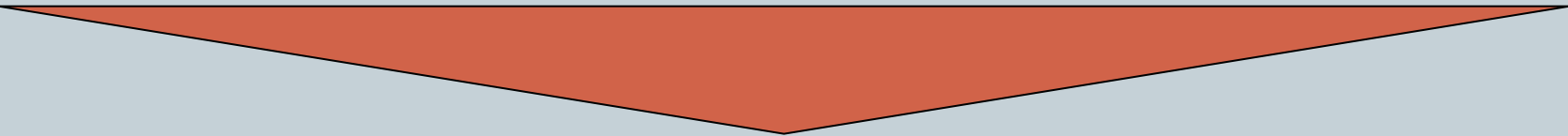
### **Business model**

- The business model denotes a model-like illustration of an operational production and performance-based system
- It consists of three main components:
  - value proposition
  - value chain structure
  - revenue generation model

# Success factors financing, strategy & planning II

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The comparative advantage of products is a **value proposition** of an innovation which customers perceive toward competitive products

- 
- The “Me-too“-approach is not a successful business model
  - The “innovator“ can accept challenges at any time
  - The identification of the comparative advantage of products should take place as soon as possible
  - The determination of the comparative advantage of products requires a feedback of the customers and the market
  - A superior technology does not turn automatically into a successful product






# Success factors financing, strategy & planning III

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**During strategy development young entrepreneurs are subjects to different restrictions**

## **Liabilities**

Young entrepreneurs are ...

- young: inexperienced, unknown  „Liability of Age/newness“
- small: lack of resources  „Liability of Smallness“
- growth-driven: challenge to establish a working organisation  „Liability of Adolescence“
- personal: knowledge and skills are limited  „Liability of Ownership“
- uncertain: market risk, technological risk  „Liability of Turbulance“

# Success factors financing, strategy & planning IV

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## **Start-ups consider themselves to be exposed to different risks:**

- Strategic Risks, e.g. market/industry, competition, products, suppliers, customers
- Operating risks, e.g. personnel, organisational risks, legal risks, country-specific circumstances
- Financial risks, e.g. securing liquidity and market risks with direct influence on the result of profit and loss account and equity

The business plan is an excellent tool for indicating, valuing, limiting and controlling risks.



# Success factors financing, strategy & planning V

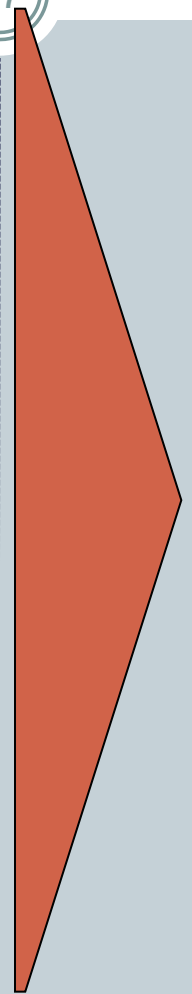
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A business plan creates transparency **for outsiders:**

- communicates the business idea
- gives information about all business functions
- helps to convince investors to take a stake in the company/to enlist the support of the investors
- shows the actual state and defines a future target state

**In the company** the business plan is of use to the entrepreneur in order to,

- realize all potential chances and risks,
- develop an action strategy and
- conduct regular success controls of it's business



A **business plan** is a full description of selected departments of a new business from the entrepreneur's point of view

# Success factors financing, strategy & planning: summary

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Good business planning increases considerably the business' chances of success.

**Financing** is considered one of the main risk factors of a start-up and is closely connected with failures in planning and strategy.

- A good business idea and a business model are requirements for business planning – young entrepreneurs are subjects to different restrictions
- A business strategy in the form of a business plan helps to think through the company that will be founded and is of use to outsiders (especially potential investors)
- The often limited access to capital represents a major obstacle to entrepreneurs.

- Starting your own business – why?
- Success and risk factors of starting your own business
- **Entrepreneurship Cluster Mittelhessen as supporting institution**

# Entrepreneurship Cluster Mittelhessen



ENTREPRENEURSHIP  
CLUSTER CENTRAL HESSEN



# Presentation of the project

## initial situation – the region “Central Hessen”

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- The industrial location “Central Hessen” is marked by a cutting of industrial jobs as well as a high rate of out-commuters
- The Central-Hessian universities are the main contributors to structural change

### Objectives:

- Sensitization, qualification and mentoring in order to implement innovative ideas in new enterprises
- Establishment of new technologies, especially in life sciences, medicine and medical technology and engineering



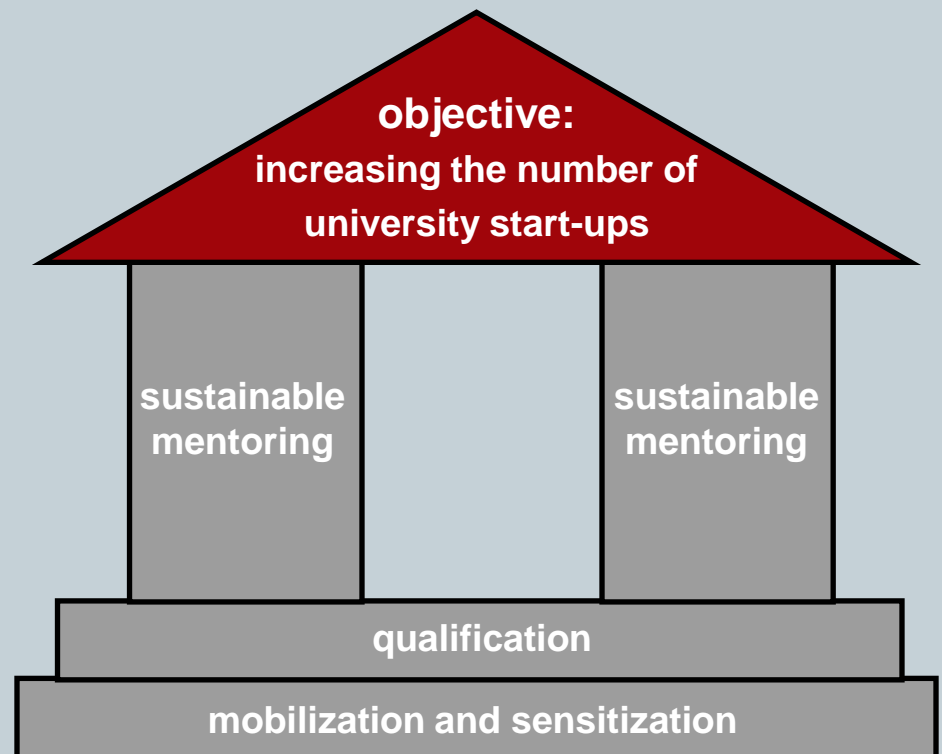
# Presentation of the project

## ECM – objectives

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Increase in quantity and quality of start-ups by:

- Tapping the full start-up potential systematically
- Mobilization, qualification and mentoring
- Networking of relevant players
- Locating of start-ups in the region



# Presentation of the project

## ECM – Integrated approach to start-up promotion

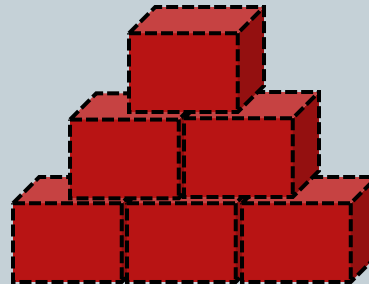
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**Mobilization and sensitization – qualification – sustainable mentoring**

scouting of interesting  
entrepreneurs

composition of  
complementary  
entrepreneurial teams

mentoring and coaching of  
the entrepreneurial team



**success factor “team”**

qualification of teams  
according to  
entrepreneurial skills

benefitting from each  
other and collaborating  
with each other

qualification of teams  
according to soft skills

# Presentation of the project

## ECM – Integrated approach to start-up promotion

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### **Mobilization and sensitization – qualification – sustainable mentoring**

scouting of innovative  
start-up ideas

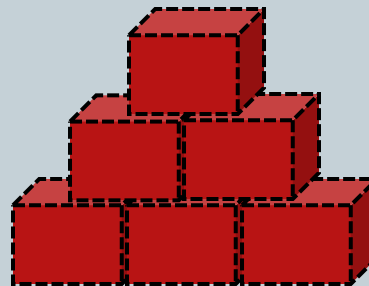
mentoring and  
coaching in the area of  
“business plan”

evaluation and coaching of  
innovative start-up ideas

Entrepreneurship I

sensitization for  
strategical, operative and  
financial risks

Entrepreneurship II



**success factors**  
**strategy, planning and financing**

Experts lecturing  
selected start-up topics

networking of the teams  
with other network  
partners

Start-up seminar

Ideas competition &  
Business Plan competition

# Presentation of the project

## Funding measures: „EXIST-Gründerstipendium“

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- Support for entrepreneurs from universities and extramural research institutes which want to turn their start-up idea into a business plan
- Innovative technology or knowledge-based start-up plans are at the most supported for a year
- Support is provided by a scholarship in order to ensure the costs of living, material expenses and funds for training courses for entrepreneurs
- Integration of entrepreneurs into the network of entrepreneurs at the university; provision of premises and infrastructure for the period of promotion

# Presentation of the project Funding measures: „EXIST-Forschungstransfer“

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- Support of especially elaborate start-up plans in order to manage the long process from the laboratory to the market entry
- Financing of elaborate and risky development work in a two-stage support program of 18 months each
- Promotion of staff resources as well as overall resources for material expenses, patent applications, training courses for entrepreneurs and in individual cases technical equipment
- The project aims at the implementation of development work, development of prototypes, elaboration of a business plan as well as the commencement of business activity

# Presentation of the project

## Funding measures: GO-Bio

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- Support of science-based start-ups in the area of biotechnology (bioscience or other disciplines which overlap with biology)
- Financing of the enhancements which are targeted on economic use of the research topics by means of a two-stage support program lasting three years each
- Support of staff resources as well as overall resources for investments, patent applications, consumables and training courses for entrepreneurs
- The project aims at the qualification of scientific-technical as well as entrepreneurial skills or also at the achievement of self-employment in a bio-scientific field of activity

Thank you very  
much for your attention



# Presentation of the project

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For further information please don't hesitate to contact me at any time.

## **Entrepreneurship**

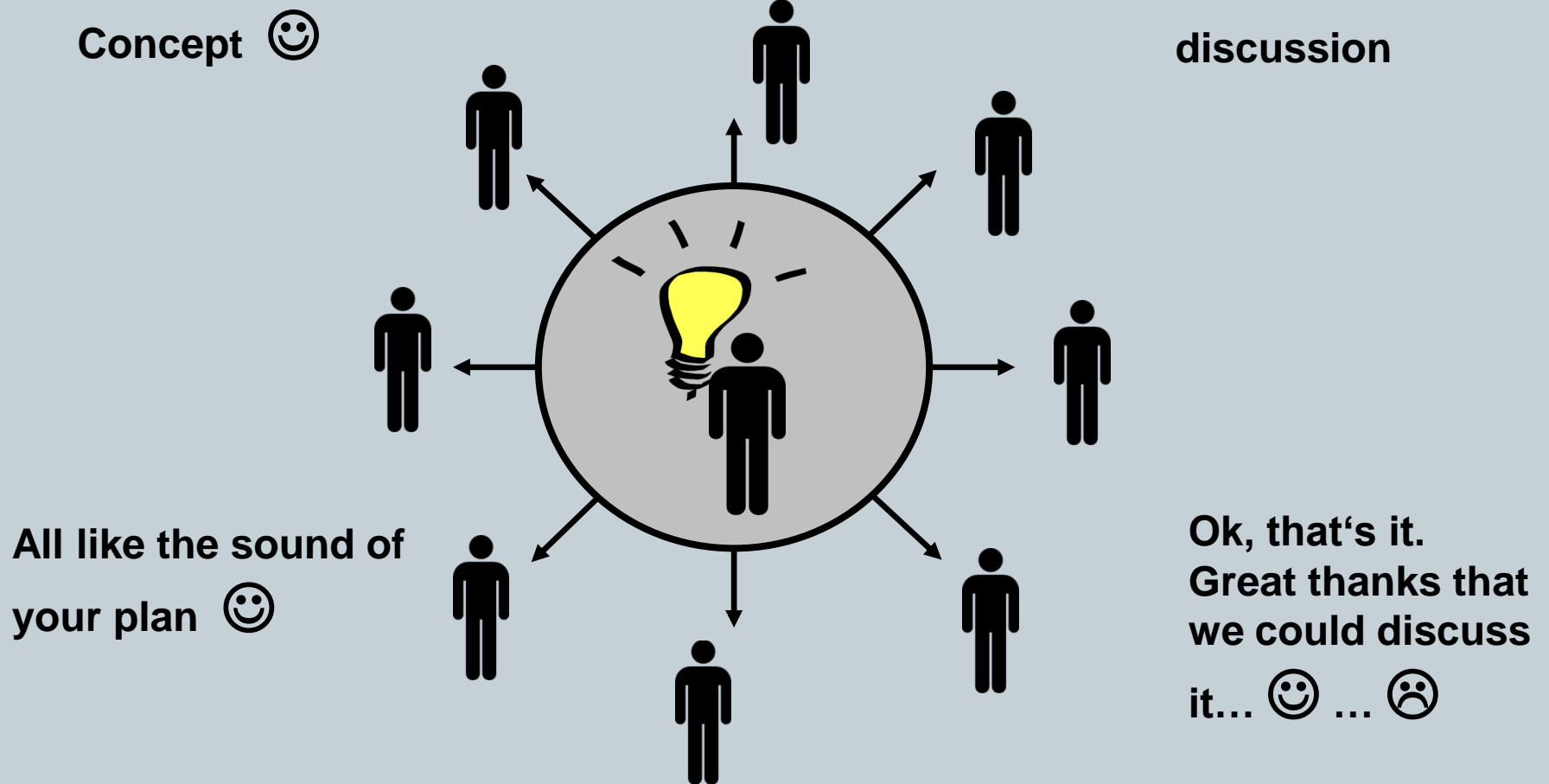
Dr. Gert Schorradt  
gertschorradt@web.de

# Agenda

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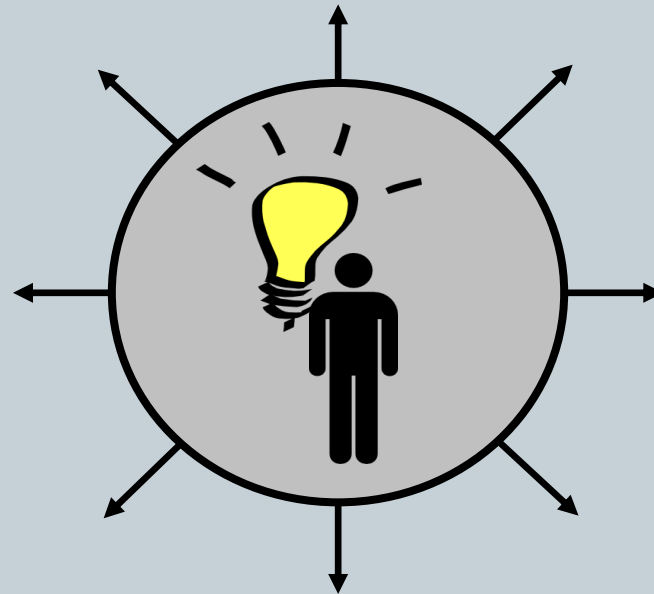
- **Entrepreneurship**
- **Becoming an entrepreneur!? What's that? Why?**
- **Becoming an entrepreneur!? - as a career option in Life Sciences?**
- **Starting your own business – why?**
- **Success and risk factors of starting your own business**
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- **Business plan - important steps**
- **Examples**

# Your Concept ..... and then?



# Your Concept ..... and then?

**Your concept ☺**



**Discuss it ☺**

**Work it out ☺**

**Plan it ☺**

**Whom do you  
produce for?**

**Working  
together  
with..?**

**How to realise  
it?**

**How much is ...?**

- Time?
- Money?
- Risk?

# Your Concept ..... and then?

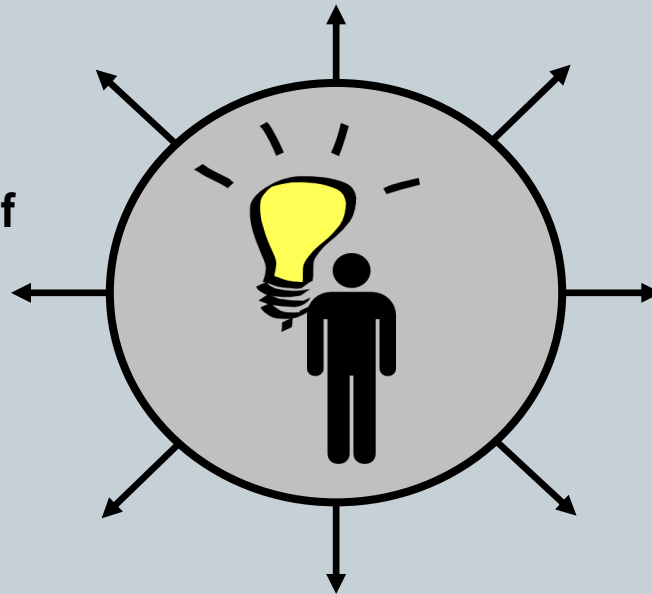
**Your concept** 😊

**All like the sound of  
your plan** 😊

**You produce it** 😊

→ **no buying interest**

↪ **crash** 😞



**discussion**

A lot of buyers 😊

→ You can't deliver it 😞

- no Production capacity
- no time to produce
- no prefinancing

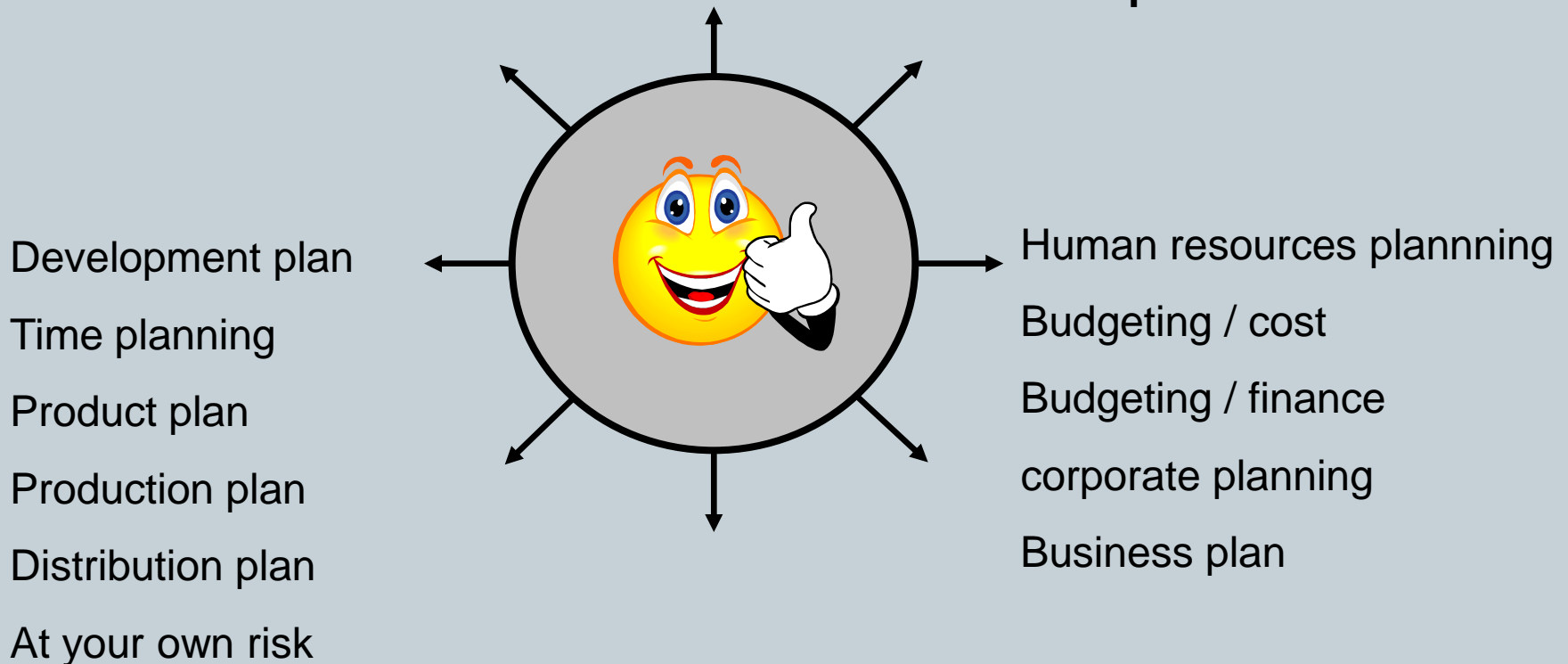
↪ **Bad image** 😞

↪ **crash** 😞

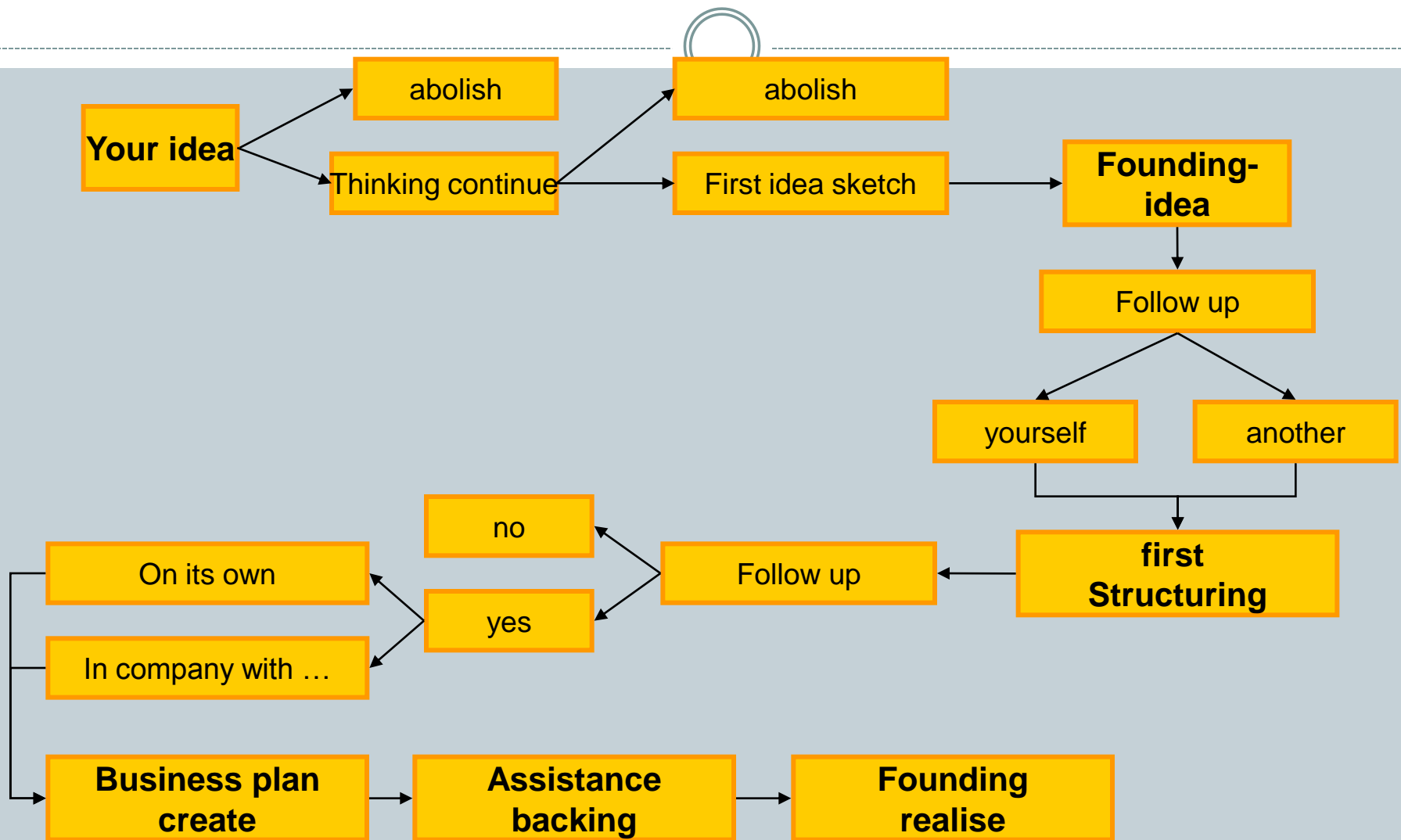
# Your Concept ..... and then?

**Your idea** 😊

**Finalise / prepare plan** 😊



# Dicision Tree

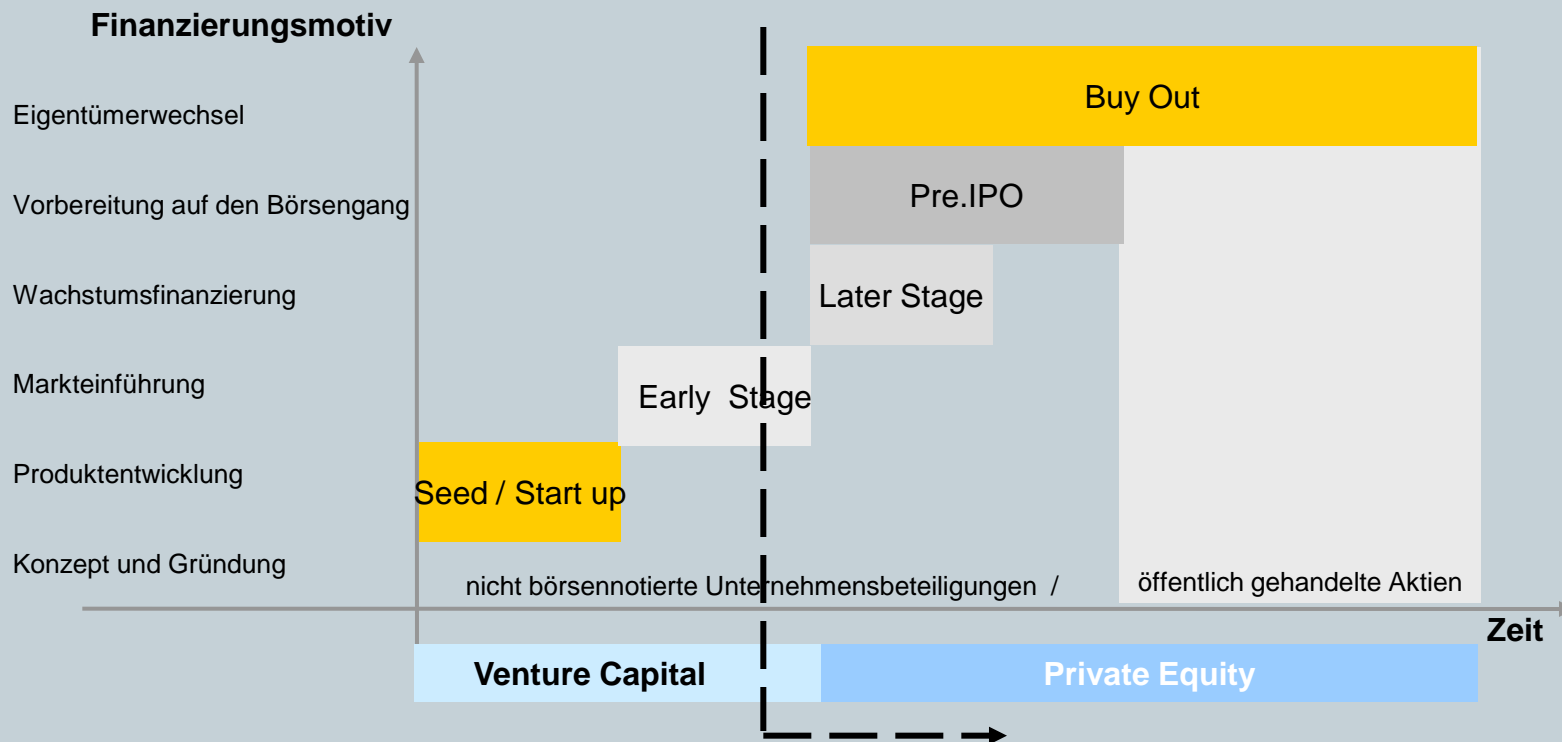


# Private Equity - Venture Capital: Begriffsdefinition



**Private Equity (PE)** beschreibt die Eigenkapitalbegebung über direkte Beteiligungen und Stille Gesellschaften an nicht börsennotierten Unternehmen.

**Venture Capital (VC)** stellt in diesem Zusammenhang das auf Frühphasen der Unternehmensentwicklung ausgerichtete Teilsegment der Eigenkapitalfinanzierung dar.





# Businessplan

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- **Business Plan Metro**
- Business Plan Metro guides you to a successful start-up. It illustrates which issues you have to consider before you start-up a business. Take the metro to a life as self-employed. Click on the red dots or text and find answers to your start-up questions. Write down the answers and they will form your business plan.

# Businessplan

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<http://www.dynamicbusinessplan.com/business-plan-metro/>

# Checklist

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**WWW.KFW.DE/KFW/DE/INLANDSFOERDERUNG/WEITERE\_ANGEBOTE/GRUENDERZENTRUM/PLANUNGSUNTERLAGEN/HECKLISTE\_1.PDF**

# Example of Foundation an Enterprise

60

- [www.kfw.de/kfw/de/I/II/Download\\_Center/Foerderungsprogramme/versteckter Ordner fuer PDF/6000000435 Brosch Gruendungsberater.pdf](http://www.kfw.de/kfw/de/I/II/Download_Center/Foerderungsprogramme/versteckter_Ordner_fuer_PDF/6000000435_Brosch_Gruendungsberater.pdf)

# Entrepreneur / Founder

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- [www.ergobag.de](http://www.ergobag.de)
- [www.code-no.com](http://www.code-no.com)
- [www.isi-solutions.org](http://www.isi-solutions.org)
- [www.audiotranskription.de](http://www.audiotranskription.de)
- [www.teekampagne.de](http://www.teekampagne.de)
- [www.ebuero.de](http://www.ebuero.de)
- [www.schokolade-und-kaffee.de](http://www.schokolade-und-kaffee.de)
- [www.islamic-banking.de](http://www.islamic-banking.de)
- [www.zinsfrei.de](http://www.zinsfrei.de) Hessischer Gründerpreis 2010

# Entrepreneur / Founder

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- [www.stud.rbi.informatik.uni-frankfurt.de](http://www.stud.rbi.informatik.uni-frankfurt.de)
- Prof. Günter Faltn „Kopf schlägt Kapital“
- Tim Ferris „The 4-hour workweek“
- [www.paysafecard.com](http://www.paysafecard.com)
- [www.refresco.com](http://www.refresco.com)
- <http://www.cleanwater-systems.com/>

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