



Building a Company: Staying True to Your Vision

Northwest Entrepreneurial Network

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Why Are We Here?

- Is this a good time to start a company?
- What are the steps to evaluate an opportunity?
- What do you want to get out of it?
- How do you keep costs down?
- How do you stay true to your dream?

Background

- Physicist turned software engineer turned aquaSTASIS Innovative Sensor Technology founder.



- (2004 -)
- SLIPSTREAM DESIGN checked startup. Now
- RV box collecting royalties



- CIRRUS BIOSYSTEMS)
- Service/venture business in 6th year.



You Must be Barking Mad...

- Credit crunch affects everyone.
- Not necessarily bad time to start, but consider...
 - Time to market and cash requirements.
 - Ideas with rapid ROI likely to be good.
 - Luxury goods may need to wait a while.
- Biggest issue is the personal step
 - May be last black and white decision you make

Recessions come and go. Obsessions are

Building Value

Making Money:

- Real economic value is created when a good or service is sold for more than it costs.
- A sustainable company sells enough product at a large enough margin to cover company expenses.
- Shareholder value grows when a company generates (or shows the ability to generate) profits that exceed investment.

Are you a high growth startup, a

Founder/Investor/Opportunity Consistency

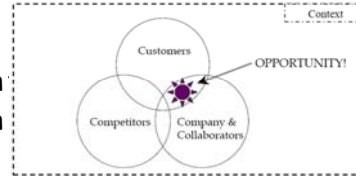
Making a company:

- Moonlighting - low risk approach, potential to evolve.
- Lifestyle/family business - intrinsic as well as monetary rewards.
- Investor funded - **ROI**
 - VC. Get on the 7 year plan.
 - Angel. May be VC like, or may be cash flow business.

Brutal honesty now will increase

Opportunity Filtering

- 5 C's analysis.
- IP - freedom to operate and patentability analysis.
- Market sizing
 - triangulate with top down, bottom up and competitor comparison.
- Cash Requirements - pro-forma expenses and break even assessment. Work out how much time you need, double it and budget with no sales.
- Risk Analysis - technology, market, operational, financial.



Lunatics Running the Asylum

- Geeks/Enthusiasts are necessary but are not your mainstream customer.
- If you are the geek, find a devils advocate, or embrace that inner schizophrenic.
- Let enthusiasm drive you to better data.

Historians determine if you are

Execution is Everything (part 1)

- The startup team
 - Results driven, team oriented yet independently minded, complimentary skills.
- The 'business plan' as a forum for planning and communication.
- Work your network for trusted referrals.
 - Legal, financial, IT/web, marketing, PR
- Hire when there is a full time job, not before.

Execution is Everything (part 2)

- Startups are always resource limited.
- Every decision requires a balance between:
 - Cash/Control, Time, Progress, Risk.
- No matter how good, products do not sell themselves. Channel access is a tough and expensive nut for a startup to crack.

Trust and a shared company vision will save time and money.

Incremental Product Development and Constant Sales.

- First sell is to recruit team. Enthusiasm and the back of an envelope. (฿0)
- Seed investors need to "get it", but they are smart and can extrapolate. Smoke and mirrors OK. (฿)
- Sales channel, beta customers need "as good as real" prototype. (฿฿)
- Consumer full production (version 1). Sell with integrity and support. support. support. (฿฿฿)



Unfair Competitive Advantage

- Personal financial security.
- Track record.
- Time
 - Ability to commit 18 hours a day (and be paid for 8).
- Professional network
 - Sales channel, first customers, support services.
- Access to Hardware/Facilities.
- Family support.

Getting More Than You Pay For

- The best advice can be free
 - Other entrepreneurs. Advisory Board (for options)
 - Judicious use of the coffee and lunch meeting
- When paying for services, be educated in advance
 - Attorneys have most startup issues covered in a template.
 - KISSM. Keeping it simple saves money
- Used equipment comes with the territory
 - UW Surplus

Staying True to the Dream

- Reduction in control occurs when you need more resources:
 - Key management
 - Cash
 - Channel access
 - Retaining control of destiny requires making most of the assets you have by applying them efficiently and consistently to the task
- is not a job, it's a way of life

