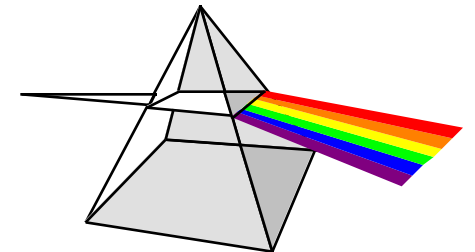


# Consulting Assistance for Start-Ups

**David Krohn**

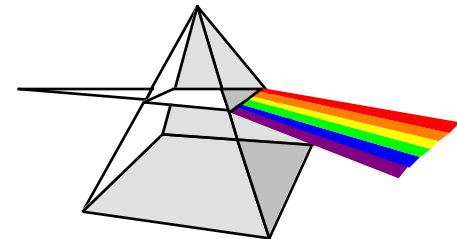
**Light Wave Venture  
Consulting LLC**

**[dkrohn@lightwaveventure.com](mailto:dkrohn@lightwaveventure.com)**



# Consulting Assistance for Start-Ups – Overview

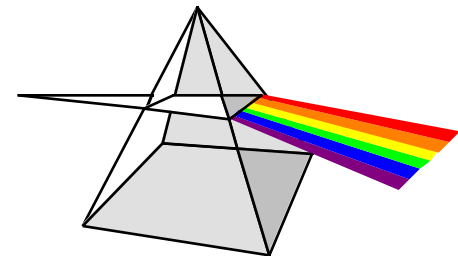
- **Some start-ups need a lot of assistance**
- **Some start-ups need only focused assistance**
- **Nearly all start-ups need some assistance**



# Consulting Assistance for Start-Ups

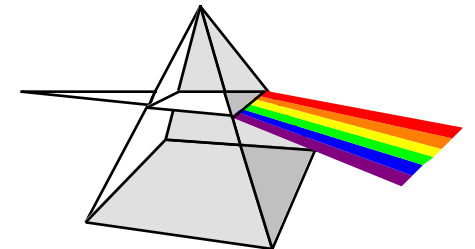
## Outline

- **Basis for a start-up**
- **Where do start-ups originate**
- **Typical situation in early days of a start-up**
- **Technical marketing**
- **The business case**
- **Manufacturing**
- **Strategic Partners**
- **Raising funds**
- **Networking**
- **Deal negotiations**
- **Sourcing talent**
- **Role post funding**
- **Finding the right consultant**



# What Elements Constitute the Basis of a Good Business Start-Up?

- **Disruptive / compelling technology position**
- **Products will meet a market need**
- **The business is sustainable (long term growth potential)**
- **Scalable (manufacturing)**
- **Strong management team**
- **Consultant can help define elements**

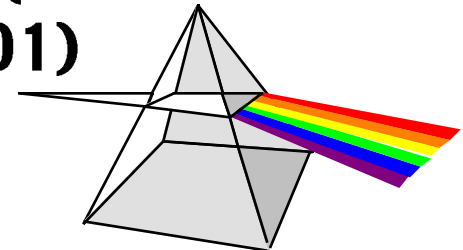


# What is the Genesis of Start-Ups?

- **Entrepreneur (fire in the belly) with a business concept\***
  - Industry
  - University
  - Government Laboratory

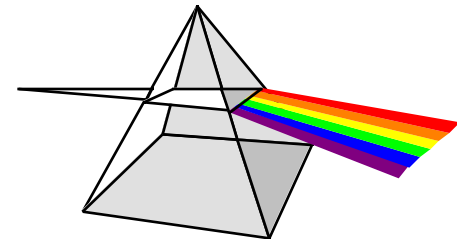
\*Experience often needed
- **Large company\***
  - Spin off
  - Contract research based product concepts searching for an opportunity (“Gold in Defense Labs” WSJ Apr 25, 2001)

\*Outside of core business



# What Does a Typical Start-Up Look Like?

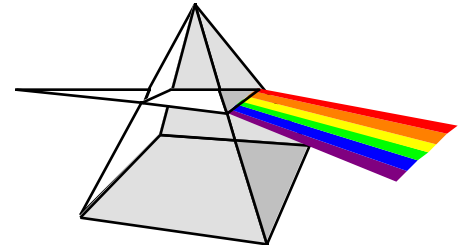
- **Good technology**
- **Technical marketing**
  - Normally weak
  - Top down analysis only
  - Addressable market not identified
  - Barriers not clearly identified
- **Very aggressive sales and penetration forecast**
- **Manufacturing**
  - Normally weak
  - Very early stage concepts
- **Management team**
  - Little experience → Experienced
  - Likely not a complete team
- **Funding level**
  - Self funded
  - Pre-funded
  - Angel investment
  - First round complete
  - Big company internal



# Where do you start?

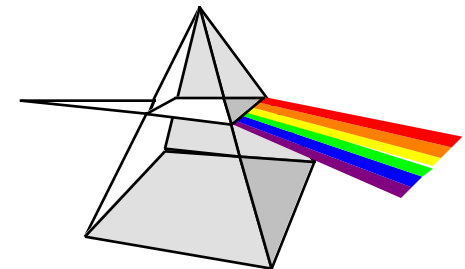
## Technical Marketing

- Companies that are technology driven not market driven are much more likely to FAIL
- Marketing is a continuous process
  - Large companies as well as small companies must keep constant vigil
- OFC – 978 companies
  - Which ones will prosper?
- An outside view can play key role in developing a market focus



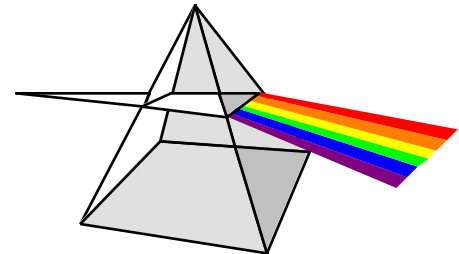
# Consultants Role in Marketing

- **Outside view**
  - Market segments
  - Growth dynamics
  - Competitive environment
  - Articulation of the value proposition
  - Access to potential customers (“The Network”)
    - Market input
    - Making sure the customer is heard
    - Sales
  - Competitive intelligence
  - Time to market issues
  - Focus



# The Business Case

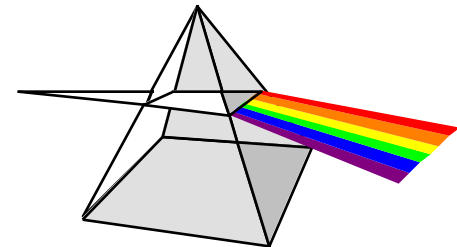
- **Elements**
  - **Executive Summary**
  - **Mission**
  - **Marketing**
    - **Size**
    - **Opportunity**
    - **Competitive environment**
    - **Value Proposition**
    - **Strategy**
      - **Market focus**
      - **Product migration path**
  - **Sales**
  - **Technology**
  - **Manufacturing**
    - **Cost**
    - **Scalability**
  - **Risk Assessment**
  - **Team**
  - **Financials**
    - **Use of funds**
  - **Exit strategy (NO !)**



# The Business Case

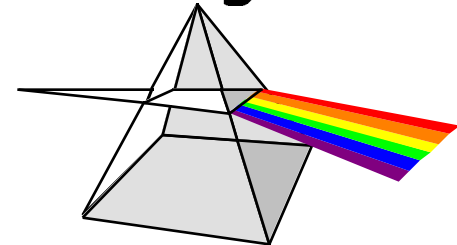
- **Format**

- 10 -15 page document
- 2-3 Executive Summary
- Power Point presentation



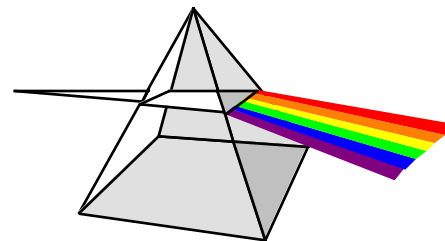
# Consultants Role in Preparing the Business Case

- **Marketing input**
- **Manufacturing input**
  - **Outsourcing (The Network)**
    - Vendors
    - Strategic Partners
  - **Capacity forecasting**
  - **Scale up**
  - **Capital needs**
  - **Realistic timeframes**
  - **Cost reduction plan (manufacturing engineering)**
- **Full plan preparation**



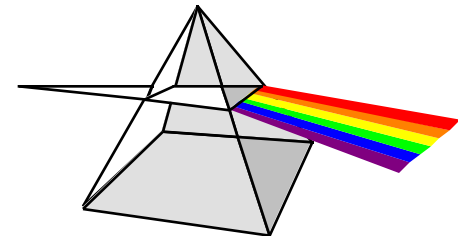
# Consultants Role in Raising Venture Capital

- Investment understanding from the VC standpoint
- Business plan review
  - Is it credible?
  - Is it big enough?
  - What is the long term growth potential?
  - Realistic understanding of the opportunities and barriers
  - Management team
    - Strength
    - What's lacking
- Seeking the right investor (smart money) (The Network)
- Consistent with VC investment strategy
- Getting the VCs attention
- Due diligence support
- Valuation
- Negotiating the deal



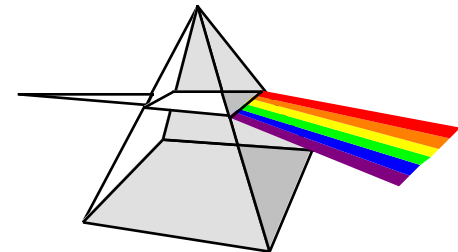
# Consultants Role in Sourcing Talent

- **Business consultants are generally not head hunters, but often get approached by individuals looking for an opportunity ( The Network)**
- **Provide an outside perspective to both the company and the candidate in the interview process**



# Consultants Role Post Funding

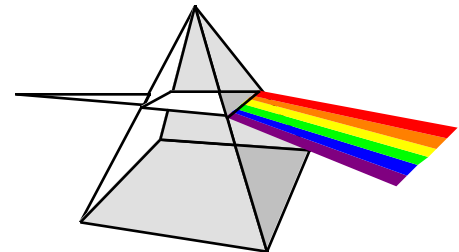
- **Fill in until management team is complete**
- **Advisory boards**
- **Entrepreneurial coaching role**



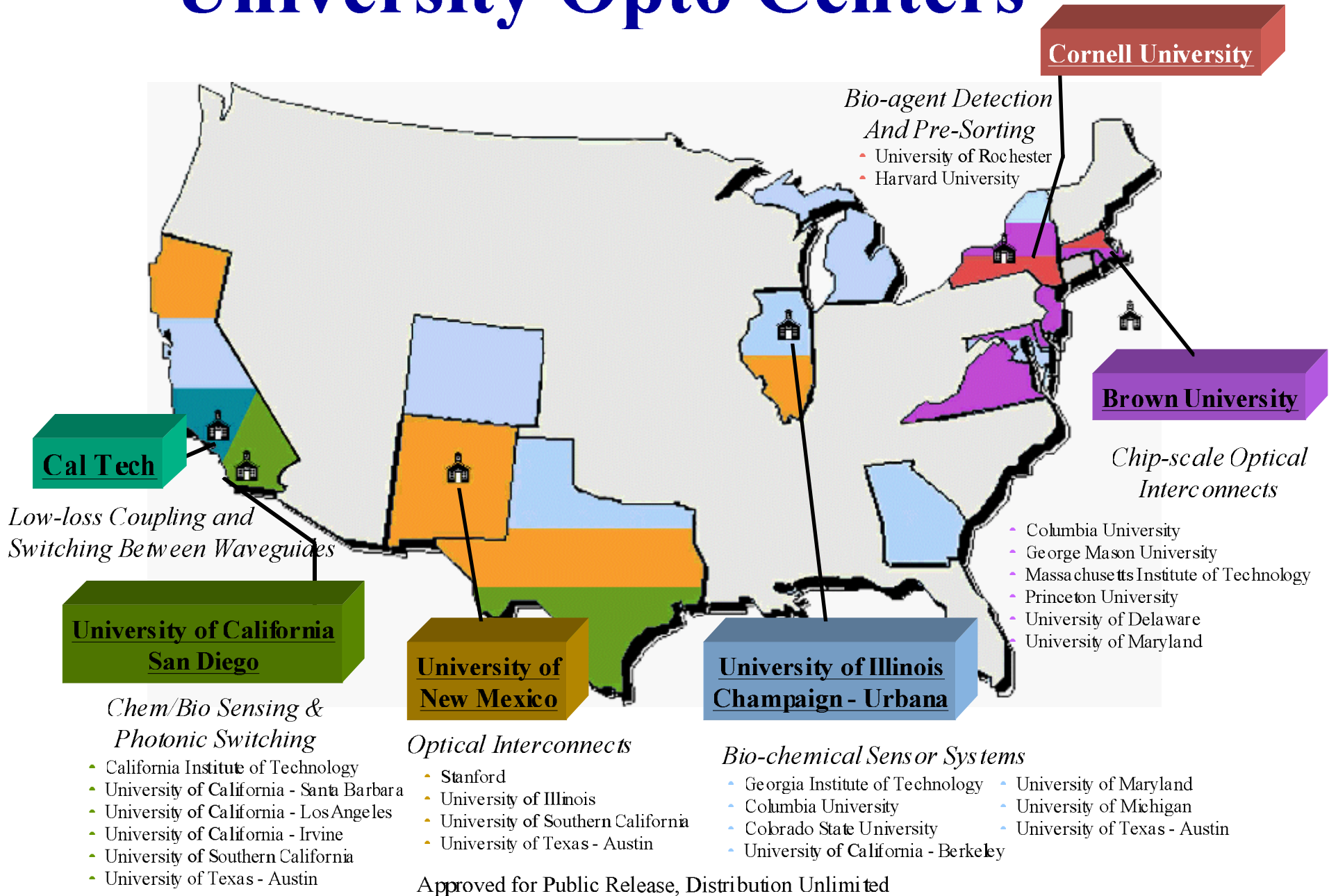
# Consultants for Start-Ups

## Where do you find them?

- Referrals
- Technical organizations
  - OSA
  - OIDA
- University Photonic Centers
  - DARPA Opto Centers program
- Market research organizations
  - RHK
  - Kessler
  - Electronicast
  - IGI
- Investment Community
  - LightWave Advisors
  - Light Wave Venture Consulting



# University Opto Centers



# Selecting a Consultant

- **Is the consultant's skill set suitable for the task?**
- **Is the consultant compatible with the management team?**
- **Does the consultant have the proper network access?**
- **Is this person a professional consultant or in transition?**
- **Is the consultant available and responsive?**
- **Check references**
- **Good Luck**

