

WHAT DETERMINES ENTREPRENEURIAL SUCCESS?

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Luck?



A good idea?



Skill?



Benchmarking process:

- Measure outputs 2 years after investment:
 - Revenues
 - Profits (i.e. positive cash flow).
 - ROI: Initial investment paid back
- Test inputs and look for correlation.
- Validate causality.



Test inputs and look for correlation. Factors analyzed:

- Market and strategy:
 - How unique is the idea ?
 - What is the size of the target market ?
- Investment and investors:
 - How much investment is needed before business has positive cash flow?
 - Where will business get the funds necessary for this investment?
 - How many shareholders will own the business?
- Entrepreneur and team:
 - How good are they at building the technology or service needed?
 - How many previous startups has entrepreneur owned or managed?
 - How good is entrepreneur at selling this product or service?
 - How much financial flexibility is there to change product or strategy?
 - How good is the team at negotiating?
 - How good is the team's reputation in this industry (5 means no reputation).
 - How confident and committed is the team?



Our entrepreneur database and the 20/80 rule

Results after 2-years

| | Idea | Market | Investment | Tech | Previous Startups | Sell | Rev\$ | Profit | ROI |
|------|------|--------|------------|------|-------------------|------|-------|--------|-------|
| BAM | | | | | | | N | N | N |
| ASP | | | | | | | Small | N | N |
| C4 | | | | | | | Small | N | N |
| UAV | | | | | | | 100K↑ | N | N |
| P4T | | | | | | | 200K | 3 yrs | 4 yrs |
| TNS | | | | | | | 200K↑ | Y | Y |
| NCR | | | | | | | 100K↗ | Y | Y |
| SNAP | | | | | | | 100K↗ | Y | Y |
| WCS | | | | | | | 100K↗ | Y | Y |



Our entrepreneur database and the 20/80 rule

Results after 2-years

| | Idea | Market | Investment | Tech | Previous Startups | Sell | Rev\$ | Profit | ROI |
|------|------|--------|------------|--------|-------------------|------|-------|--------|-------|
| BAM | ★ | \$1B+ | \$1M+ | Buy | Idea only | ? | N | N | N |
| ASP | ★ | \$1B+ | \$10M+ | ★ | Tech only | No | Small | N | N |
| C4 | ★ | \$100M | \$1M+ | Avg | 3 CEOs | ? | Small | N | N |
| UAV | ★ | \$1B+ | \$10M+ | Avg | Mostly tech | ? | 100K↑ | N | N |
| P4T | Avg | \$1B+ | \$100K+ | Avg | Sales focus | Yes | 200K | 3 yrs | 4 yrs |
| TNS | ★ | <\$10M | \$100K | Simple | Experienced | Yes | 200K↑ | Y | Y |
| NCR | Copy | <\$1M | >\$100K | Avg | Experienced | Yes | 100K↗ | Y | Y |
| SNAP | ★ | <\$1M | >\$10K | Copy | Experienced | Yes | 100K↗ | Y | Y |
| WCS | Avg | <\$1M | >\$10K | Avg | Bankrupt | Yes | 100K↗ | Y | Y |



Reviewing this morning's success stories:

| | Idea | Market | Investment | Tech | Previous Startups | Sell | Prediction |
|-------------------|------|--------|------------|------|-------------------|------|------------|
| Keeton Industries | | | | | | | |
| Ice Energy | | | | | | | |
| Numerica Corp | | | | | | | |
| Brotica | | | | | | | |
| Camp Bow Wow | | | | | | | |
| Your Business? | | | | | | | |



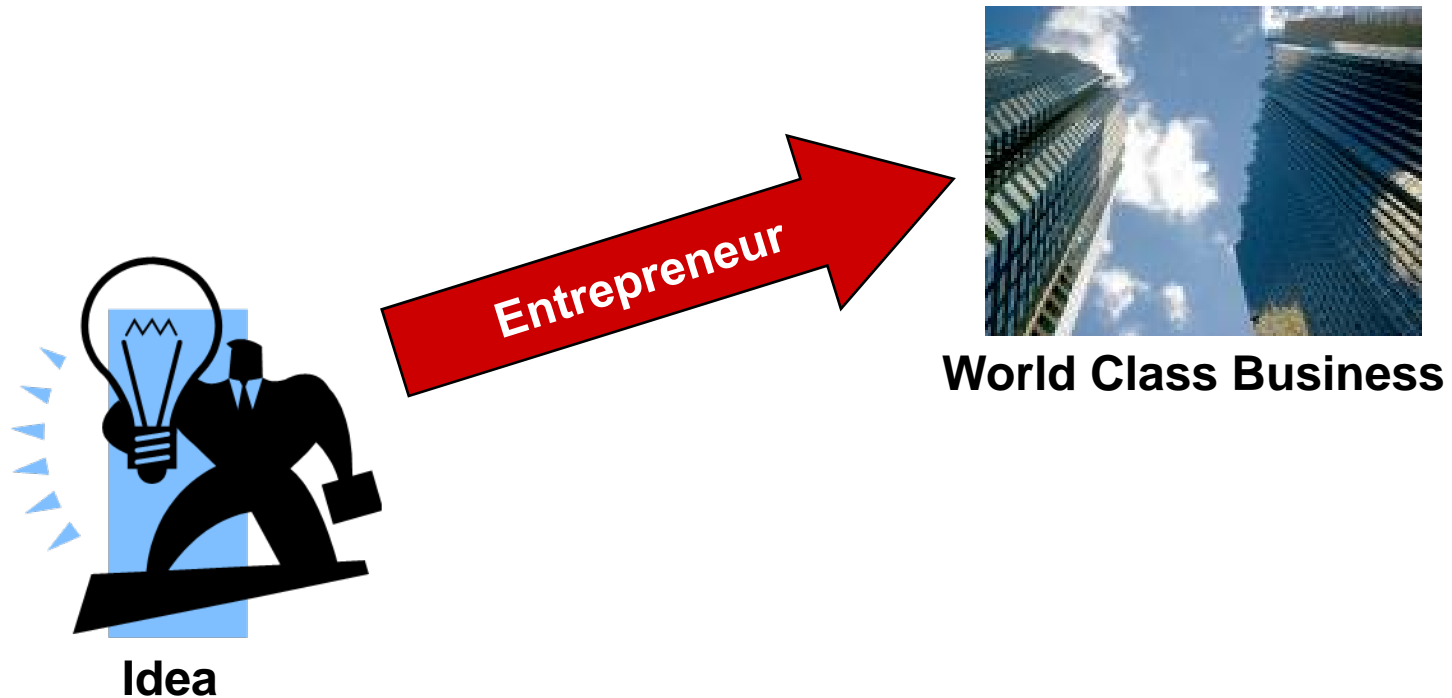
1. Skill

2. Luck

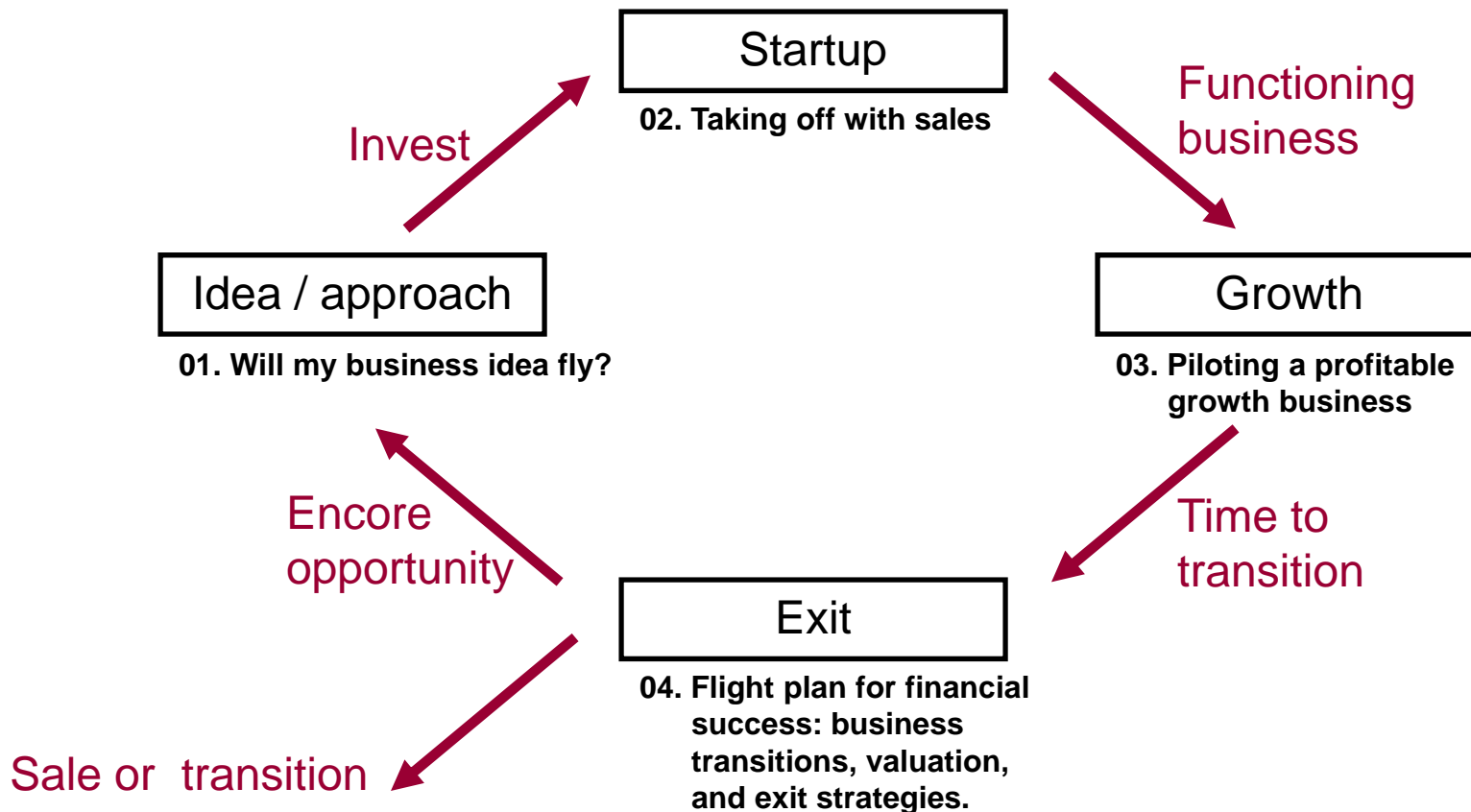
3. A good idea



What's needed to develop skills & implement?



The Flight School and entrepreneurial success



Questions and resources:

- Entrepreneurial Benchmark Survey:
➤ www.angelcapitalsummit.org/node/811
- The Flight School Website:
➤ www.theflightschool.net
- The Flight School Blog:
➤ <http://theflightschool.blogspot.com>
- Corp21:
➤ www.corp21.com
- Mountain Global:
➤ www.mountainglobal.biz

