

# New England Tech Wire

## Humility and the Successful Startup

### **Every skill required to form a business should be judged on make-or-buy grounds. If you don't have it, outsource it**

**By Richard Mammone**

If you or another founder possess a deep knowledge of a specific industry or technology, you should try to come up with your own idea for a startup. There are a number of software tools such as Thought Office that can help you organize the results of your brainstorming sessions. If your strengths lie more in a business discipline such as marketing, operations, finance, or logistics, then your company should focus on these strengths and you should look elsewhere for the big idea. Every skill set required to form a startup should be subjected to a make-or-buy decision process. In other words, if you don't have it, outsource it. Let me just stop here for a moment and mention that outsourcing is the strategic entrepreneur's solution to most problems. There are too many moving parts in a business to have deep expertise in every area; it's not practical for you to hold on to tasks like marketing if you are an engineer—or product testing if you are a marketing guru.

Knowing yourself in a startup context is really about knowing what you can't do and having the self-confidence to hire or partner with others who complement your skills. Often entrepreneurs get caught in the early onset of what Harvard Business School Professor Noam Wasserman calls "founder's dilemma", where the founder doesn't want to let go of certain aspects of the business idea for fear of not being in control. But when timing is more important than who does what, holding out for the chance to muddle through by trial-and-error will simply throw you off course and increase your chances of giving up in frustration.

### **Getting to Failure ASAP**

Because business ventures normally have a shelf life and financial limitations, entrepreneurs cannot afford to hit too many delays and roadblocks along the way. I often start projects only to discover that someone else can do it cheaper, faster, and better than I can. You will get to market faster if you outsource the steps that do not fall within your team's skill set. Just as importantly, you will also get to failure quicker, which means you can move on to your next potentially great idea.

This is the easiest time in history to start a well-conceived company from scratch with a minimum of financial investment. The leverage available today is due to a new generation of knowledge-management tools, many of which are available online, that can help entrepreneurs maximize the intangible assets side of their balance sheet, such as knowledge, goodwill, know-how, and intellectual capital.

The first step of the startup process is to find your big idea. If your startup management team wants to outsource this step, there are plenty of good places on the Web to search for patented ideas that can be licensed. For example, you can search through all of the inventions that are available for licensing that have been discovered in most U.S. federal laboratories, many corporate R&D departments, and even university tech transfer and entrepreneurship centers. If there are no existing patents that will give you what you are looking for, then you can post a request for a world-class expert to invent what it is you want for a given price on sites such as InnoCentive, NineSigma, Yourencore, and yet2.com. Once you have a license or an option to license for a desired technology that has been produced by one of these sources, you are one step closer to marketing your new product.

### **Dell Knew His Deficits**

This streamlined strategy is also important to have on the business end of any idea, where a studios operations expert may have a more efficient way of doing something. For example, when Michael Dell founded Dell Computers (DELL), it wasn't the computers that were new and different; his innovation was cutting out the middleman and selling directly to consumers. Hewlett-Packard () and Compaq could have done the same thing, but they were too tied to the brick and mortar distribution network to compete with him in the beginning. That was the crux of Dell's success. He knew his limitations and brought on individuals to help him reach his goal: building customized computers for consumers.

I don't like to have hundreds of people reporting to me after I've started a successful company. Where I find the most excitement in business is in the early stages of development, what I like to call the "from-lab-to-acquisition phase." As an engineer, deep down my passion is tinkering with parts, comparing various outcomes or solutions, and trying to figure out if the contraption I just made can actually make money. Nearly 93 percent of all patents filed never result in significant financial revenue for the inventor, which makes my successful companies more valuable to me on a personal level. Nevertheless, I know that my joy starts to fade when a mid-cap company steps in to take the technology to the next level. I'm just not cut out for that part of the product life cycle. I know that about myself, and for the sake of the invention, that's my exit. My strengths are no longer an asset at this point.

When I want to leave, I can always find well-qualified MBA graduates who thrive on taking technology that is proven and bringing it to the mass market. Just as I'm in my element in my lab working on a new venture, these men and women are in their element sitting in their corner offices with their power suits on, brokering deals. To improve your startup's chances of success, you need to know who you are; where you enjoy spending your time, and when to bow out. If you know those things, you are ready to try to turn a business idea into a business.

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