

A Doorway to Opportunity

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High technology entrepreneurship offers a unique doorway to specific opportunities.

In fact, entrepreneurship of the high tech variety may be the most powerful way to access these opportunities. It is unlike any other methodology, social construct or process in its capability to do so.

At Serra Ventures and Serra Capital, the majority of companies we work with are in the high technology space, and they are typically early stage in nature. This white paper will address **four specific**

opportunities that are collectively unique to early stage, high tech entrepreneurs.

But first, what exactly is high technology entrepreneurship?

1. Seeing a significant problem or specific need that is not presently being solved or addressed well, or perhaps not at all.
2. Understanding that a particular technology, if properly developed, has
3. Assembling a team, capital and other resources to take the technology from the “lab to the marketplace.”
4. Finally, taking the initiative and risk to launch an enterprise to make things happen.



the capability to address the opportunity.

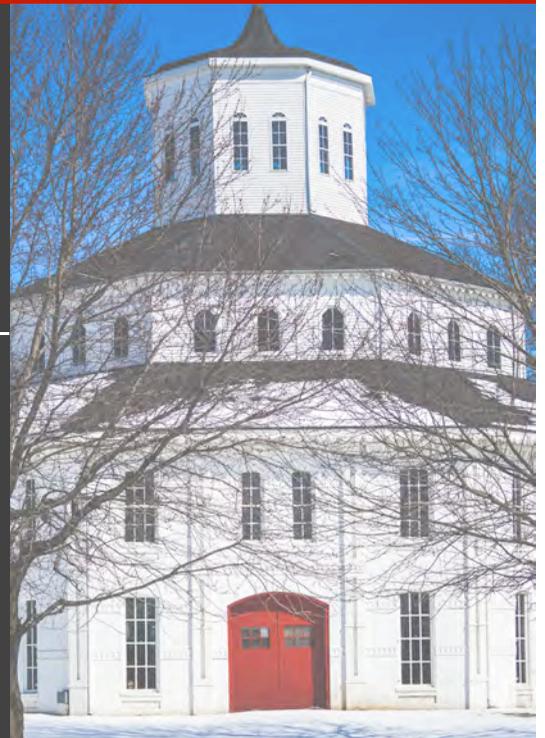
1 *First Opportunity.* To do something truly meaningful. To impact the world in a significant way!

Small entrepreneurial enterprises are uniquely flexible in their ability to bring resources together to aim very directly at solving complex problems. In larger, more bureaucratic organizations, there are a variety of obstacles that make innovating new solutions quite difficult.

Despite the larger external challenges small companies face, early stage entrepreneurial enterprises are unique in their ability to tackle large-scale problems with their disruptive technologies, creating markets and changing patterns in existing markets. Entrepreneurial teams are often better at engaging with potential customers, refining their value propositions and adjusting strategy to produce truly effective solutions – and ultimately better at making a meaningful impact on the world in which we live.

The entrepreneurial economy now boasts a plethora of software tools, cloud-based resources, and providers of services that collectively make it much more capital-efficient to bring products and services to the marketplace. For example, what used to take \$5 million to accomplish ten years ago can be done today with a much smaller amount of capital, say \$1 million. This is a significant advantage.

In addition, companies that are sprouting up in regions such as the Midwest are poised to make as large an impact as those originating in the more well known technology hubs along the coasts. There is indeed a “leveling wind” that is creating unprecedented opportunity in heretofore unlikely



places. Serra Ventures is excited to work with and invest in small start-ups that are emerging and growing in the Midwest tech ecosystems of Chicago, St. Louis, Champaign-Urbana and Cincinnati. With some of the best engineering schools and top incubators and accelerators located in this region, excellence in innovation is no longer the province of Silicon Valley or the east coast alone.

And innovation will be the key to unlocking large scale problems. For example, by 2050 we will need to feed more than 10 billion people, requiring a 70% increase in global food production. Improving agriculture productivity through new technologies like precision agriculture will play a major role in meeting this need. Most of this innovation is happening right in the Heartland and Serra has made investments in companies like 640Labs and Agrible, both focused on improving the farmer output through big data and predictive analytics.



“One of the main reasons I came on board was because of the founders’ belief in information transparency and their relentless passion to make an impact. I bought into that vision, and our drive to move the industry has been at the core of every strategic decision we have made as a leadership team over the past few years.”

– Ronak Sheth, Label Insight, Serra Capital II Portfolio Company

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Second Opportunity. To experience alignment of personal purpose with corporate purpose.

Most individuals can probably remember a time when they were working for a company where their personal values and purpose didn’t quite seem to line up with those of their employer. In spite of factors such as good pay and benefits or awesome coworkers, if people experience a misalignment of values with their organization (in other words, what each party considers most important in the execution of work) – or, if workers don’t see how their personal work and purpose fits into the larger picture of their company, a disconnect will happen. Whether the misalignment was known in advance of being hired or was discovered later down the road in that person’s employment, it usually leads to a dissatisfied employee, and eventually a decision to leave the company.

Start-ups provide a very unique way for the mission of the enterprise to be aligned with and integrated with the people on the team. When those that are starting a company can co-create the mission and vision together and then bring alongside of them team members that are closely aligned from the start, cool things can happen. When corporate and personal mission are aligned, people are happier, more engaged, more likely to stay with the company and have a better work/home life balance. And generally speaking, people with higher integration and alignment will become more productive in their work, producing higher quality and high volumes of work.

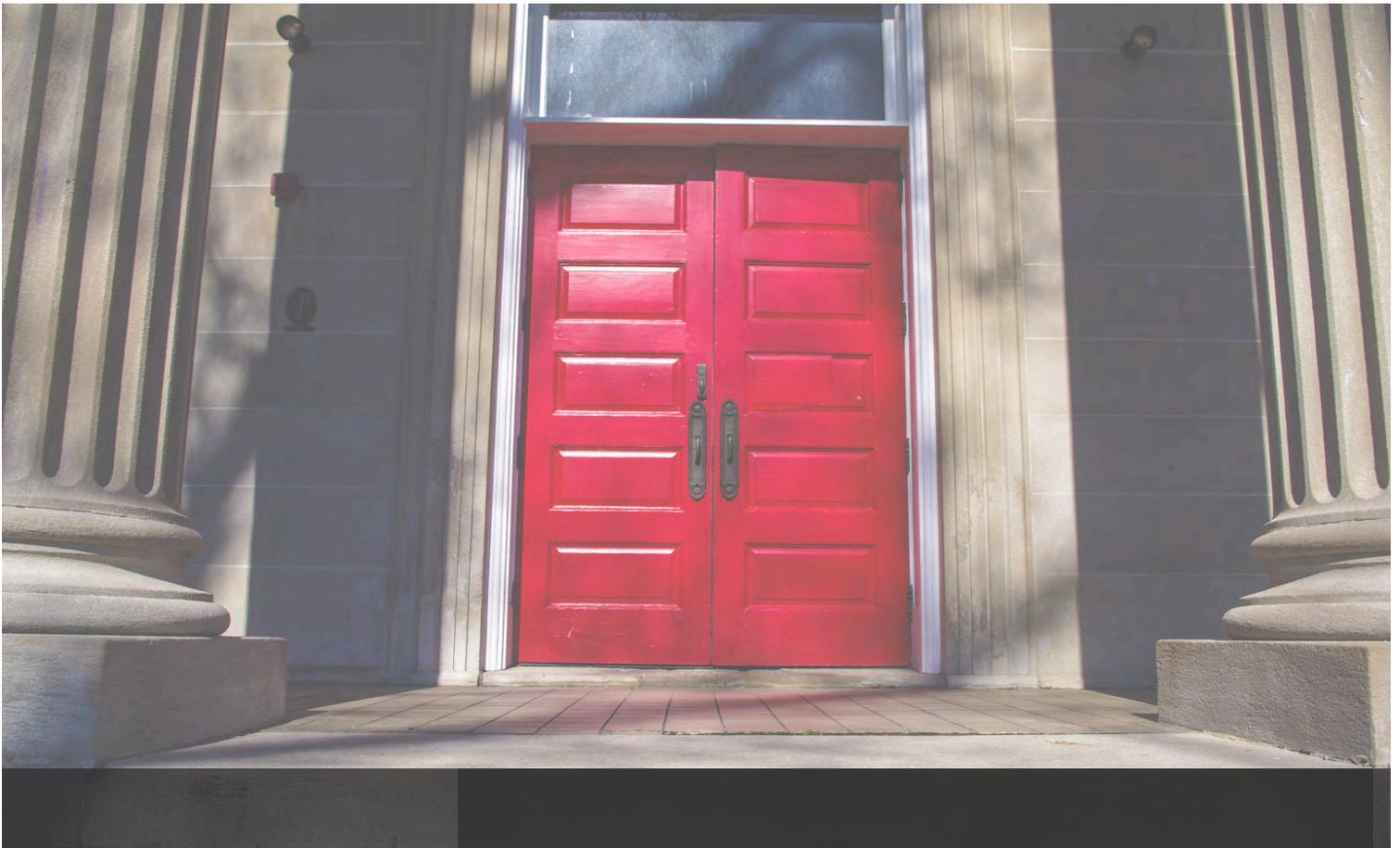
Leading into the next point, an integration of personal purpose and the corporate purpose is a great starting off point for creating a “TGIM culture.”

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Third Opportunity. To create a collegial, “Thank God It’s Monday” culture.

Some have been so bold as to say that “Culture beats strategy.” Whether that’s true is certainly arguable – but what is certainly true is that a TGIM culture can provide a powerful, competitive edge. At Serra Ventures, we believe it is essential that companies embrace the creation of a TGIM culture. And entrepreneurial companies provide the perfect environment for doing so.

As stated in the *Second Opportunity* above, this starts with each individual’s work role, competencies, interests and sense of purpose

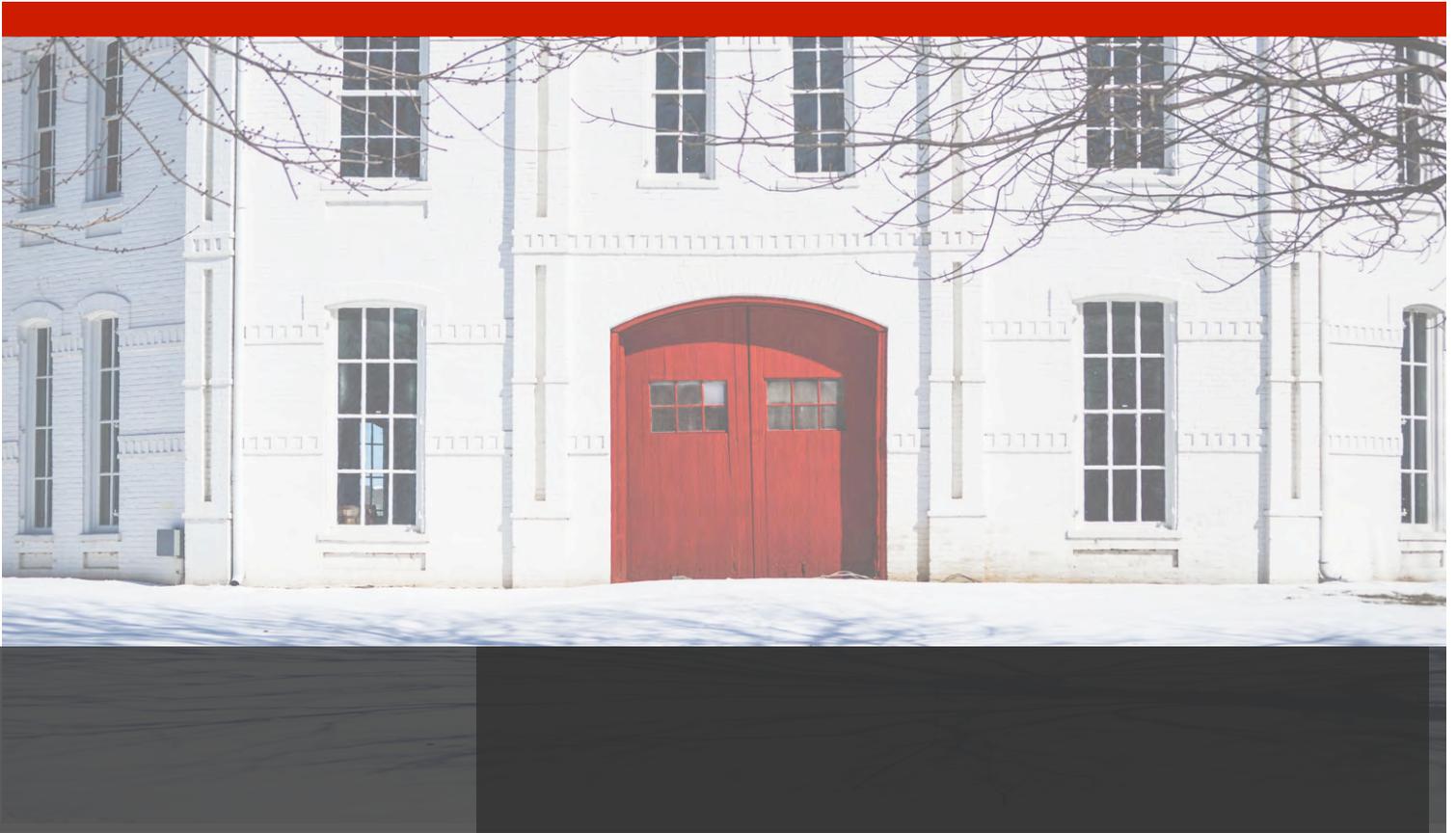


being aligned with that of the company's. But it goes well beyond that. TGIM culture means that each team member is engaging in challenging and meaningful work, that there is ample opportunity for growth and advancement, and that each team member's contributions are being recognized. And, quite importantly, the spoils of success are being shared by each of those making a contribution to that success. Indeed, a TGIM culture is one committed to excellence in every arena. And the result is that instead of team members just getting through the work week waiting for Friday to arrive, they are energized, enthused and "fully present" every day.

Entrepreneurial enterprises offer a rather special opportunity to create TGIM culture because they have a blank canvas to put a team and organizational structure together. The rules of

engagement and values of the enterprise can be clearly defined from the get-go, creating a collegial atmosphere from the start. A bonus is that TGIM culture can extend beyond employee alignment, positively impacting all stakeholder groups including investors, suppliers, customers and strategic partners.

A result of TGIM culture (or perhaps it's a cause of it, too?) is that team members adopt the mindset of owner rather than that of employee. This mindset is reinforced when the company's prosperity is shared with the people making it happen – in both monetary ways (cash compensation and stock options) and nominal ways (individual shout-outs, movie tickets, social events, free food, etc). Those with the mindset of owner will reinforce the TGIM culture, working harder, exhibiting more loyalty and making more sacrifices for the long term good of the company.



4 *Fourth Opportunity. Financial flourishing!*

A final opportunity that characterizes entrepreneurial enterprises is that they offer a potential for financial flourishing that is quite compelling (albeit with a healthy dose of risk attached.)

Generally speaking, team members of a high tech start-up may need to accept a rate of compensation that is below market in the very early stages of the company's life. But in return, they are typically awarded direct or optional stock ownership in the company. As the organization executes and accomplishes its mission, the capability to pay market rates increases – all while the team members' stock or options grow in value. Individual accomplishments are often rewarded with additional options along the way, to boot.

Ultimately, the value of these intangibles -- stock or stock options – can far exceed the sacrifices that were made early on. And hence, the American dream is realized by an entire team – not just a small handful of executives at the top.



So, there you have it. A special doorway to four opportunities that collectively provide a very unique experience. A special doorway accessed uniquely through high technology entrepreneurship.



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