

# Technology Start-Ups Get Tips on Starting Out

December 14 2007

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Talk more about business and less about technology. Have a solid team. And consider calling on angels. Those were some of the key lessons at a UT Dallas workshop last week for would-be entrepreneurs seeking capital to turn their business ideas into reality.

A panel of experts representing a wide spectrum of start-up funding sources – from venture capital to state funding to angel investing – shared their insights at a Commercialization and Entrepreneurship Boot Camp on Dec. 7.

The event, hosted by the Institute for Innovation and Entrepreneurship (IIE) at UT Dallas and the Office of the Vice President for Research, featured sessions on identifying market opportunities for new technologies, protecting intellectual property and creating business plans.

The investment experts in the panel discussion, which capped the day's presentations, said entrepreneurs should have good ideas but also strong plans, excellent business teams and proven track records.

"One of the top things angels look for is the team, the team and the team," said Scott Ticer, co-founder of Lone Star Angels, a newly formed North Texas angel capital organization that focuses on business development and marketing.

Angel investors are wealthy people who provide capital for business start-ups. A small but increasing number of angel investors are organizing

angel networks or angel groups to share research and pool their investment capital.

Angel investors invest \$15 to \$30 million annually, funding 25,000 to 45,000 businesses every year, Ticer told the audience of about 80 people.

Angels typically invest their own funds, unlike venture capitalists, who invest the pooled money of others in a professionally managed fund. Pooling resources, such as payroll and legal services, creates efficiencies and makes larger deals more feasible.

A common mistake is focusing too much on an idea and too little on a business plan, the experts agreed.

“One thing we find is someone looking for funding will take 28 minutes to talk about the technology and five minutes to talk about the business. If you want to get money, talk 25 minutes about the market for your business and the business itself and save five minutes for the shining new technology,” said Mike Lockerd, executive director of the North Texas Regional Center for Innovation and Commercialization (North Texas RCIC), which supports the Texas Emerging Technology Fund.

The \$200 million fund was created by the Legislature to help create jobs and stimulate the Texas economy by encouraging commercialization of new technologies through partnerships between public institutions and private companies.

The North Texas RCIC, which invests seed funding in early-stage, new technology companies, has awarded more than \$84 million to Texas companies, Lockerd said. Of the total, \$23 million has gone to North Texas companies.

Investment decisions depend on a number of other factors, too, said panelist Jackie Kimzey, a general partner with capital venture firm, Sevin Rosen Funds. Kimzey's "commandments for entrepreneurs" are:

- It's about people – core values and communication.
- Get it right – go fast. There's no substitute for customer input. Keep your money until it's right.
- Exploit inefficiencies in the market. Conventional wisdom is a trap.
- Spend time planning. Figure out the must do's. Be agile.

"It's about people. It's about core values. It's about communication. You can have the best idea ever, but if you can't get it to market and execute it, it's not going to go anywhere," Kimzey said.

Source: University of Texas at Dallas

Citation: Technology Start-Ups Get Tips on Starting Out (2007, December 14) retrieved 20 March 2024 from <https://phys.org/news/2007-12-technology-start-ups.html>

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