Ockham technology paper

What cash, Ideas, & property contributed? If property, what Is value? What contributions are founders expected to make In the future? What opportunity costs will each founder incur? Career risk taken by each founder Financial demands faced by each founder May have to reserve ownership for future founders.

Potential problem – split equity very early Dynamic equity-splitting Building a Board Lesson #2 Boards and new ventures The Benefits of Having an Independent Board Brings perspective and experience, and a set of complementary skills for the CEO Recognize the need for long-term planning and assist in long-range strategies Can roved a framework for control and discipline and give CEO someone to answer to Can be challenging and objective critics, serving as an internal check for CEO Can be mentor or coach Can lend credibility The Size of the Board 5-9 people Small enough to be accountable and to act as a deliberate body, but large enough to carry out the necessary responsibilities. Outsiders should outnumber the Insiders usually, no more than 2 Insiders on the board. Type of Representation Needed on Board Need functional skills needed to keep the business running smoothly and to bring business to next level of growth Need right mix of personalities oared: What is the competitive advantage of the company?

What will be the demands on the company and the likely changes in the next few years? How much technical expertise is needed to understand the company’s practices? What role does marketing play? R? Customer service? What is the company’s access to financing? Type of Representation Needed – The needed skills Assess management team’s strengths and weaknesses with regard to industry experience, financial expertise, marketing experience, start-up experience, and technical know-how, maybe international experience. Age, gender and cultural background Be wary of filling board with: People whose interests may not be aligned with the company’s, or to whom the company already has access.

Attorney Subordinates to CEO Consultants Outsourcing & New Ventures Lesson #3 Reasons new ventures outsource At early stages, founders are stretched too far Founding team may lack relevant capabilities Working on tight deadlines Adds flexibility when when a company is still experimenting with its business model Negative: May lack a level of control for critical function Social capital & Entrepreneurship The case ends as James Traditional, the founder of Champ Technologies, describes he company’s early growth in launching an enormous deal with IBM and triumph over financing their business operations because it received financing offers from successful investors and venture capital firms. However, Champ continues to face operational problems from assembling its human recourses to establishing outsourcing relationships for its on-going success. Rationale for problem selection: 1 . James Translation’s faced problems with assembling his executive team.

Though Champ Technologies assembled its founding team, numerous problems arose: (1) there was “ friction” between co-founders Traditional and Meistersinger as they hared different prospective on company’s control issue leading one to make decisions without the involvement of the other (p 12). (2) Building the company’s board of directors was also a challenge. Traditional had issues with having two members from one venture firm because he wanted to keep his board small. If Champ does not bring together the right people, it may risk falling apart and thus jeopardizing the growth of the company. 2. Chasm’s founding team was inexperienced. Traditional was aware that he needed broad range of skills. On the other hand, his team was lacking experience in the industry. The case mentions, that he was looking to find “ the best athletes by hiring the “ best people. ” (p. 4).

When it came down to developing their actual product, his development to Ron Hardin from Flex Solutions. They were extremely lucky to land the $KICK IBM deal considering their software prototype presentation with IBM was not well prepared (up. 6-7). Judging on their Powering slides from Exhibit 5, not much thought was put into their presentations (p. 18). One point to note is that working with a big company like IBM can also pose high risks. If Champ fails to reform according to Vim’s expectation, rumors will spread, and customers would lose confidence. Therefore, Champ may never win another deal again. 3. Trouble deciding to outsource their system development work.

Chasm’s dilemma was deciding either to outsource their product development or operating in-house. First of all, the team was not satisfied with the quality and progress of their progress with Flex Solutions (peg. 6). Their insecurities led Champ to reconsider their equity deal with Flex Solutions, which they had previously discussed. Champ decided to pay cash for their work instead of having a stake in Champ Technologies (p.). Secondly, Traditional lacked operational skills for a software startup if he decides to hire its own developers. Chasm’s realized that the deadline to deliver the product was tight. If Champ does not decide quickly, it can risk losing their biggest customer. Action Plan: 1 .

Enhance communication and establish boundaries to reduce employee conflicts. Conflicts in the workplace arise as a result of numerous factors. In the case, tension between the co-founders was due to values and goal differences in the company (p. 12). Jim Traditional and Mike Meistersinger need to establish healthy boundaries ND open communication in company involvement for smoother operations of their business. “ Divide and conquer” as mentioned in the cast, is an effective strategy. When resources are limited (such as this case), it is essential to ensure duties are segregated. This way, restrictions are created, and no one person would have complete control over a process, and all would be partially involved.

This might help alleviate some control issues that currently exist with the company. 2. Champ Technologies should obtain financing from Nor-Mosey. While comparing the alternative financiers, Nor-Mosey is best suited for Champ for two reasons: (I) hey are the biggest and well-known venture capital firm in Atlanta, and (it) two of its general partners have direct work experience in sale force management and information technology. Although Traditional will be giving up some control by having two board members from one venture firm (2 out of 5 or 40% as opposed to 2 out of 3 or 67% control), Champ will benefit from having experienced members who can provide valuable resources and expertise to the company.

Seeking advice from an inexperienced board member such as Bobby Crews would be less valuable to Chasm’s operations and growth. 3. Champ Technologies should outsource their product development to NIT, company based in India. The company’s criteria in outsourcing are: (I) meet aggressive deadlines reuse 80% if the product for future customers (iii) meet specifications and quality standards and (v) forge a productive relationship and (v) keep the costs low (up. 8-9). 4. The company most suited is NIT because the company specializes in software development. Champ would be equally price sensitive between NIT and Thoughtfully because of equal fixed cost.

However, Nit's formalized development process and strong credentials seems to be mess sketchy because the lack of information provided in the cast. Their physical location is not mentioned in the case, and their fixed costs seem overly optimistic. Champ will need to conduct further research if they decide to use Hotshot Coders. 4. Champ should evaluate is employee performance and operational processes on a regular basis. As the company enters the growth phase, the skills required for success evolves. A few examples of these additional skills would be hiring an accounting firm to manage their performance financially, or an advertising agency to market their product.

Champ Technologies can also use various pricing structures to broaden its product line. In either case, the overall objective for executives must be able to manage their company in a way to create value that gives a positive return to their investors, and grow their businesses. At the individual level, as the strategy and business model shift, the skills of some founders become more important than the skills of others and roles often shift. As each founder learns about the demands of building a startup, reflects on his or her motivations, and sees how well his or her abilities address the startup's needs, his or ere commitment to the startup may change.

The founders also come to understand each other’s abilities and commitment at a far deeper level than was possible at the beginning. Yet founders tend to overestimate how much value they will build during those early days, which can cause even bigger problems when a cofounder’scontributions wane later on. A founder’s personal life may also affect his or her commitment and contributions. At Champ Technologies, all of the founders were aware of the imminent arrival of idea- person Ken’s first child. However, even Ken was unsure how this would affect his illnesses to quit his full-time Job and focus on building Champ. Extreme and unexpected health problems can catch all parties by surprise.

For instance, while Microsoft was still a private company, expounder Paul Allen was diagnosed with Hodgkin lymphoma, which caused him to quit the company, leaving Bill Gates as the sole active founder during the crucial three years before it became a public company. In such ways, even the most comfortable equity split can be thrown into disarray. For instance, when Robin Chase and her partner, Ante, founded the car-sharing startup Zipper, they agreed with a quick handshake to split the equity 50-50. The team believed it had avoided destructive tension over the equity split and could now focus on building the startup. “ We shook across the table, 50-50,” Robin recalls, “ and I thought ‘ great. Robin had heard about other teams that had faltered because of tough equity-split negotiations, and she breathed a sigh of relief that she and Antennae avoided such problems. Robin poured her heart and soul into the startup, making major contributions to its growth, and was fully expecting Ante to do the name. Ante, however, remained at her full-time Job and, by the summer, was become more involved, but, in the end, Ante never Joined full-time. Knowing that Ante still owned the same percentage as she did ate away at Robin, who later reflected, “ That was a really stupid handshake, because who knows what skill sets and what milestones and what achievements are going to be valuable as you move ahead.

That first handshake caused a huge amount of angst over the next year and a half. ” Eventually Ante left the company altogether while continuing as a shareholder. The cost to fix such problems can be very high, ranging from Robin Chaise’s “ angst” to more tangible financial costs. At governors. Com, founders Kale and Tom had a expounder, Chichi, who put up $19, 000, worked “ after hours” for five months (he had kept his day Job instead of Joining governors full-time), and then dropped out. When the remaining expounders were about to close their first round of financing, their potential funded, Mayflies, was not willing to close until Kale and Tom bought Chichi out and reclaimed his equity.