

# TECHNOLOGY VENTURES **Foreward**

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**by John L. Hennessy, President of Stanford University**

I am delighted to see this new book on technology entrepreneurship by Dorf and Byers. High-technology companies are both an important part of our world's economic growth story as well as the place where many young entrepreneurs realize their dreams.

Unfortunately, there have been relatively few complete and analytical books on high-technology entrepreneurship. Dorf and Byers bring their years of experience in teaching to this book, and it shows. Their personal experiences as entrepreneurs are also clear throughout the book. Their connections and involvement with startups—ranging from now established companies like Sun Microsystems and Yahoo to new ventures just delivering their first products—add a tremendous amount of real-world insight and relevance.

One of the most impressive aspects of this book is its broad coverage of the challenges involved in high-technology entrepreneurship. Part I talks about the core issues involved in deciding to pursue an entrepreneurial vision and what characteristics are vital to success from the very beginning. I am pleased to see that building and maintaining a competitive advantage and the critical issue of market timing are key topics. During the Internet boom, while several great new companies were built, too many entrepreneurs and investors forgot several key principles: have a sustainable advantage, create a significant barrier to entry, and be a leader when the market and the technology are both ready. Hopefully, the material in these chapters will help prevent future irrational behavior by both entrepreneurs and investors.

Part II examines the major strategic decisions that any group of entrepreneurs must grapple with: how to balance risk and return, what entrepreneurial structure to pursue, how to find and cultivate the best employees and help make them productive, and the critical issues of intellectual property. Indeed, these are problems that every company faces, and ones that must be continuously examined by the leadership in any organization.

Part III discusses the operational and organizational challenges that all entrepreneurs must tackle. Virtually every start-up led by a technologist that I have been close to inevitably wonders whether they need sales and marketing. Sometimes in such companies, you hear a remark like: "We have great technology and that will bring us customers, nothing else matters!" I remind them that without sales, there is no revenue, and without marketing, sales will be diminished. Understanding how to approach these vital aspects of any successful business is crucial. The related topics of building the organization, thinking about acquisitions, and managing operations are also important. If you fail to address these aspects of your company, it will not matter how good your technology is.

The final part of this book talks about putting together a solid financial plan for the company, including exit and funding strategies. Of course, such topics are crucial, and they are often the sole or dominant topics of "how-to" books on entrepreneurship. Certainly, the financing and the choice of investors are key, but unless the challenges discussed in the preceding sections are overcome, it is unlikely that a new venture, even if well financed, will be successful.

In looking through this sage and comprehensive treatment, my overwhelming reaction was, "I wish I had read a book like this, before I started my first company (MIPS Technologies in 1984)." Unfortunately, I had to learn many of the topics covered here in real-time and often by making a mistake on the first attempt. In my experience, it is the challenges discussed in the earlier sections that really proved to be the minefields. Yes, it is helpful to know how to negotiate a good deal and to structure the right mix of financing sources, especially so that as much equity as possible can be retained by employees. If, however, you fail to create a sustainable advantage or have a sales or marketing plan that is solid, the employee's equity will not be worth much.

Those of us who work at Stanford and live near Silicon Valley are in the heart of the land of high-technology entrepreneurship. With this new book, many others will get to share the extensive and deep insights of Dorf and Byers on this wonderful process that builds tomorrow's companies and business leaders.