



The 60 Minute Harvard MBA for Inventors & Entrepreneurs

*Fifteen Lessons I Learned at Harvard Business
School and How I Applied Them to My Business*

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B.S. Electrical Engineering

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*Joke



Dental Cleaning

Every 6 Months v 8 Months

Every 8 Month

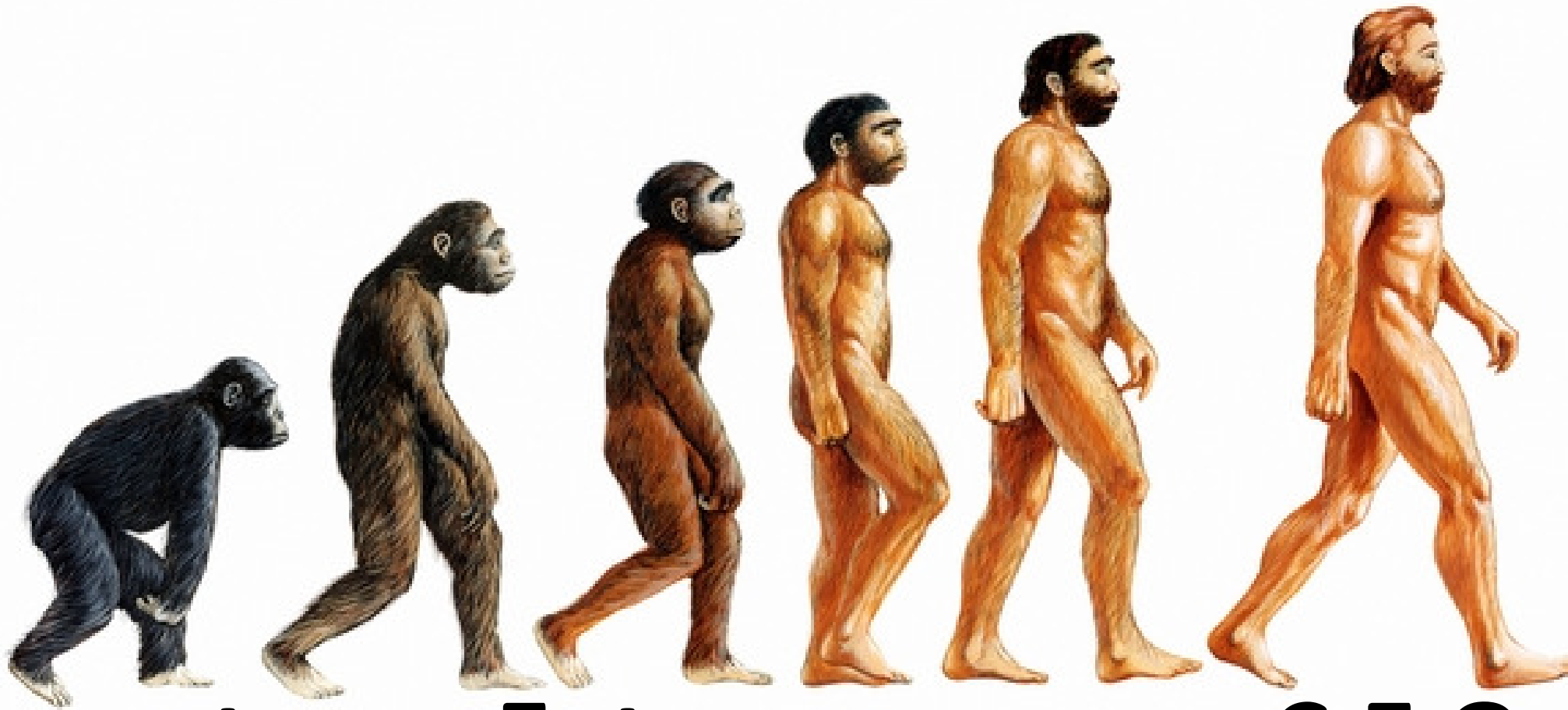
$$\frac{\$150}{\text{Cleaning}} * \frac{1 \text{ Cleaning}}{8 \text{ Months}} + \frac{12 \text{ Months}}{1 \text{ Year}} = \$225/\text{Year}$$

Every 6 Month

$$\frac{\$150}{\text{Cleaning}} * \frac{1 \text{ Cleaning}}{6 \text{ Months}} + \frac{12 \text{ Months}}{1 \text{ Year}} = \$300/\text{Year}$$

$$\frac{\$300/\text{Year}}{\$225/\text{Year}} = 33\% \text{ Increase}$$

$$\$75 * 2,000 \text{ Patients} = \$150,000$$



Inventor -> Entrepreneur -> C.E.O.



Lesson #1

**What Do You Want To Be When
*Your Business Grows Up?***

Rich or King

Rich requires delegation, investors and profit sharing. You will have to give up some power and control. You will have to give up being King.

King will attract B-players and it will be hard to grow your business. Your business will truly be *your* business. You will give up being Rich.

Insight: Without Knowing Your Goal, You Won't Know if to Delegate and if to Raise Outside Capital



Why It's Hard to Get Rich

How Many Tickle Me Elmos Do You Produce?





One In the Hand Beats Two In the Bush

Produce 500,000

50% Chance of sell out: \$10M

50% Chance of slow sales: \$3M

Go BIG or Go HOME!

Produce 5,000,000

10% Chance of sell out: \$100M

90% Chance of slow sales: \$0



One In the Hand Beats Two In the Bush

Produce 500,000

50% Chance of sell out: \$10M

50% Chance of slow sales: \$3M

Expected Value:

$$\begin{aligned} &50\% * \$10M = \$5.0M \\ &+ 50\% * \$3M = \$1.5M \end{aligned}$$

Total \$6.5M

Go BIG or Go HOME!

Produce 5,000,000

10% Chance of sell out: \$100M

90% Chance of slow sales: \$0

Expected Value:

$$\begin{aligned} &10\% * \$100M = \$10M \\ &+ 90\% * \$0M = \$0 M \end{aligned}$$

Total \$10M



Lessons:

- 1. Investors Have Portfolio Effects**
- 2. Early Capital Raise Decisions Have Long Term Ramifications**
- 3. Modern Finance Creates Great Opportunities, With a Price**

- 1. Portfolio Effects:** Your investors have “portfolio effects” that you don’t. They get to play the game many times
- 2. Early Capital Raise Decisions Have Long Term Ramifications:** Early capital raises from family can limit later capital raises from professionals
- 3. Modern Finance Creates Great Opportunities, With a Price:** Modern finance enables us to take greater risk, but may also force us to do so



Lesson #2

Create Monopolies

Insight: Three ways to create a monopoly: Natural Monopoly (Walmart, Train Service); IP (patent/trademark); Barrier to Entry (ebay, AirBAndB)

Insight: A patent is a legal monopoly



Lesson #3

Create Duopolies

Examples:

1. Ride Share: Uber & Lyft
2. CPU: Intel & AMD
3. Software: Apple & Microsoft
4. Cell Phones: Google Android and Apple iOS
5. Servers: Microsoft and Linux
6. Desktop/Laptop: Dell & Lenovo
7. Soda: Coke & Pepsi
8. Toothpaste: Crest & Coalgate
9. Beer: Anheuser-Busch and SABMiller
10. Coffee: Starbucks & Dunkin Donut/Pete's Coffee

Examples:

1. Cereal: General Mills & Post
2. Commercial Airlines: Airbus & Boeing
3. Photography: Canon & Nikon
4. Business Airlines: American & United
5. Low-Cost Airlines: Southwest & Spirit
6. Pickup Truck: Chevrolet and Ford
7. Ultra Sonic Welder: Dukane and Branson
8. Business Schools: Harvard & Stanford
9. Law Schools: Harvard & Yale
10. Politics: Democrats & Republicans



Lesson #4

The Power of Recurring Revenue

Example: Business Brokers - Sell Side v Buy Side

Example: Subscription Services – Magazines, Phone, Internet, Software As Service, Pharmaceutical

Example: Rodent Elimination v Rodent Prevention



Three Ways to Achieve Recurring Revenue:

1. Actual Product/Service
2. Sourcing Methodology
3. Service Contracts

Example: Comedian – Clubs v Event Planners

Example: Photographer – Portraits v Magazine

Example: HVAC – Bid v Servicing



The Presentation Ended Here.
We Look Forward to Covering The
Remaining Lessons in Future
Presentations



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