

Modern Aging:

A Practical Guide for Developers,
Entrepreneurs, and Startups in the Silver Market

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Nina Ivanova Shirokova, Peace, 1970, Private Collection/Bridgeman Images



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Table of Contents

Introduction to Modern Aging Sweden	2
Modern Aging Summaries.....	5
Erik Olsson, Associate, Delphi Law Firm	5
Title of Talk: Public Procurement Law	5
Gregg Vanourek, Professor, Royal Institute of Technology and the Stockholm School of Entrepreneurship	13
Title of Workshop: Ideation for Aspiring Entrepreneurs.....	13
Gustaf Josefsson, Innovation Strategist and Entrepreneur	19
Title of Talk: Business Model Canvassing	19
Donnie SC Lygonis, Technology Transfer Manager, Royal Institute of Technology Innovation.....	26
Title of Talk: Target Groups, Unique Selling Points, Packaging, and Pitches	26
Marijn van der Sluijs, PhD Candidate, Opticom.....	32
Title of Talk: Research, Questionnaire Design, and Data Analysis.....	32
Mats Kyllenius, Accountant, Kyllenius	41
Title of Talk: Accounting for Startups.....	41
Sebastian Stjern, Social Entrepreneur, Business Coach and Lecturer, Center for Social Entrepreneurship	47
Title of Talk: To Create Sustainable Business Models, to Market Without a Budget, and to Find Innovative Solutions to Community Problems.....	47
Olof Hillborg, Manager, Stockholm County Council Innovation, and Christian Thunborg, Project Manager, Stockholm County Council Innovation	55
Title of Talk: How Innovative Products Enter the Elderly Care Sector – the Process of Public Procurement.....	55
Payment	56
Product Introduction.....	57
Catherine Åsklint, Project Manager, FundedByMe*	59
Title of talk: Crowdfunding	59
Other Speakers	63
About the Editors	64

Introduction to Modern Aging Sweden

During the twentieth century, life expectancy rose from around fifty years to over seventy five years in most developed countries. Women in Sweden have a life expectancy at birth of eighty four years, while men have a life expectancy of eighty years.¹ Advances in public health, in nutrition, and in medicine continue to increase life expectancy.

Women give birth to fewer children in developed countries, compared to earlier decades. A typical Swedish woman gives birth to fewer than two children² during her lifetime. Lower fertility rates and longer life spans are changing the age distribution of our societies. Sweden has an aging population. The number of older people is increasing in relation to the number of younger people.

Aging populations put pressure on healthcare systems. Typically, older persons need more care than younger persons. Some older patients suffer from multiple diseases. The average annual healthcare cost of a forty year old is below five thousand US dollars in Sweden and in the United States. The annual healthcare cost of an eighty year old in Sweden is around six thousand US dollars. The same figure in the United States is over thirty five thousand US dollars.³ The healthcare costs of older patients increase at different rates in different countries.

While aging populations need more and better healthcare, aging populations also create business opportunities. Entrepreneurs who are able to develop products that help the elderly and the chronically ill are entering new markets in homecare and in elder care. [ACCESS Health Sweden](#) founded the [Modern Aging](#) program. Modern Aging is designed to encourage entrepreneurs to serve the needs of the elderly and of the chronically ill. It was first conceived of and implemented in Sweden by [Stéphanie Treschow](#), former Country Manager, ACCESS Health Sweden. This concept is successful because it attracts entrepreneurs to sectors that stand to benefit from technology and innovation. This concept was later replicated in Sweden by other organizations. Read more about similar projects [here](#).

The ACCESS Health Sweden team selected eight young entrepreneurs to participate in a fourteen week educational program in the fall of 2013. Throughout the program, the young entrepreneurs improved their business skills and their understanding of older citizens. Through lectures, workshops, and seminars, the entrepreneurs developed six new business concepts. The ACCESS Health team guided the participants through the program. The entrepreneurs worked with experienced entrepreneurs and with business coaches. The participants sought advice from policymakers and managers in elder care in Sweden. Several speakers lectured each week on topics such as entrepreneurship, marketing, and public procurement. Each of these lectures included interactive question and answer sessions, during which the participants could

¹ [Better Life Index](#), Sweden, from the Organisation for Economic Co-operation and Development

² [World Development Indicators: Reproductive health](#), 2014 People, The World Bank

³ [Paul Fischbeck](#), Professor, Carnegie Mellon University

ask questions relevant to their business ideas. The ACCESS Health team provided technical support to help participants test ideas and develop businesses.

At the end of the fourteen week educational program, each student presented a business proposal to a panel of judges. The panel selected the winner after reviewing each proposal. The winner of Modern Aging Sweden received a grant to realize her business plan. The [Swedish Postcode Foundation](#) funded the Modern Aging program in Sweden, including the grant to the winner.

The ACCESS Health team recorded and summarized the lectures from Modern Aging Sweden. This publication contains summaries of many of these lectures. The purpose of this publication is to share the information from the lectures with a wider audience. The global ACCESS Health team hopes that the lectures will inspire entrepreneurs in different countries to serve the needs of the elderly and of the chronically ill. The lectures contain valuable information and transferable skills for entrepreneurs in Sweden and elsewhere.

ACCESS Health plans to replicate and expand the Modern Aging project in Europe, in the United States, and in Asia. As you will read in the next section, ACCESS Health Singapore will launch a new version of Modern Aging in 2015.



Caption: Stéphanie Treschow, former Country Manager, ACCESS Health Sweden, hands out a check for fifty thousand Swedish kronor (seven thousand US dollars) to the winner of Modern Aging Sweden.

About the Swedish Winner



Caption: Anneliese Lilienthal, the winner of Modern Aging Sweden.

Anneliese Lilienthal

Anneliese Lilienthal is a certified medical illustrator, with expertise in visual health communications. Ms. Lilienthal's project, "Ask for Answers," is centered on improving health communication between doctors and the elderly. Ask for Answers is a user friendly tool that empowers seniors to manage their health. Ask for Answers is an application for computers and for smartphones that helps patients ask the right questions of their healthcare providers. The questions are tailored according to the patient's illness. The tool allows patients to view questions, answers, and emails from their physicians. The tool also allows patients to listen to recordings of their doctors' answers. The tool increases patient satisfaction and improves health outcomes. Learn more about Ask for Answers [here](#).

Ms. Lilienthal received a Master's degree in Global Health from the Karolinska Institute, in Stockholm, Sweden, in 2013. She translates complex medical information into visual representations. In her work, she aims to inspire a more informed and healthier community that uses creative healthcare tools.

Modern Aging Summaries

Erik Olsson, Associate, Delphi Law Firm

This is a summary of the remarks made by Erik Olsson and members of the audience.

Title of Talk: Public Procurement Law

Erik Olsson: My name is Erik Olsson. I practice public procurement law. I work at Delphi Law Firm. I worked at the Swedish Competition Authority before I started my work at Delphi. I help suppliers sell products to the public sector. I work with the healthcare sector. I help medical technology companies. I work with tenders. A tender is an offer to deliver products or services.

The supplier is “the tender” in public procurements. I will talk about small companies. Public procurement varies little across European countries. I will talk about the Swedish Public Procurement Act. Six percent of public procurement cases in Sweden are resolved in court.

Please tell me about your inventions. I would like to learn something about your ideas.

Student: My idea is an online platform for employees in healthcare. I want to create a platform for knowledge exchange and peer support.

Erik Olsson: How far away are you from selling your product?

Student: I must complete several steps before I can put my product on the market.

Erik Olsson: Have you described your idea to healthcare professionals?

Student: I have sent out a survey to healthcare practitioners. I am collecting the survey data. I don't know if healthcare professionals like my idea.

Erik Olsson: Are you familiar with public procurement?

Student: I am. I have submitted a tender before.

Erik Olsson: Great. Can anyone else describe his or her idea?

Student: I want to develop an application for mobile phones. Patients could use the application to record conversations they have with their doctors. The application would help patients remember information. I am identifying my target market. I am collecting data right now.

Erik Olsson: Do you want to sell your application to the public healthcare sector?

Student: I will sell the application to patients during a pilot program. I want to sell my application to the public sector later. From my interaction with officials in the public sector, I get the impression that public procurement is a fair and competitive process.

Erik Olsson: Does anyone else want to describe his or her idea?

Student: I want to develop a platform that connects the elderly with students. Students want affordable apartments. Some older people feel isolated. Some live in large apartments. Students and older people could live together.

Erik Olsson: Who will buy your online platform?

Student: The state or local municipalities. I want universities and pensioner organizations to be my partners.

Erik Olsson: Great. Anyone else?

Student: I want to create an application. I want nursing homes to use the application to inform relatives. Nursing homes can provide health updates to relatives via the application.

Erik Olsson: Excellent. Have you developed your application?

Student: I am conducting marketing research. I am talking to relatives of people in nursing homes.

Erik Olsson: Who will buy your application?

Oscar: Healthcare companies will buy my application.

Erik Olsson: Have you contacted your potential buyers?

Student: Not yet.

Erik Olsson: Politicians and public officials in Sweden value innovation. Public officials allocate significant resources to support innovation. Most county councils and local municipalities have innovation groups. The innovation groups can help you.

County councils and local municipalities compete with each other. This is good news for you. Counties and municipalities talk to each other about their latest innovations. This will help you grow your business.

Doctors and nurses play important roles in public procurement. Approach nurses and doctors before you contact hospital management. When practitioners support your product, management of hospitals will listen to your idea.

“Doctors and nurses play important roles in public procurement. Approach nurses and doctors before you contact hospital management. When practitioners support your product, management of hospitals will listen to your idea.”

Talk to elected officials. Spread news about your product on social networking sites. Once consumers talk about your product, hospital management will be more inclined to listen to you.

The healthcare sector operates with limited resources. Technology is expensive. The cost of technology is a challenge for you.

Management allocates the budget to different healthcare areas. Your product may reduce costs in one budget area. Your product will be a cost in another budget area. Savings in one budget area may offset costs in other budget areas in the long run.

Illustrate the cost savings potential of your product. Use numbers. Assess how much money your product will save. Seek help from universities and innovation groups. Obtain product certification.

Student: Can I obtain certification for any product?

Erik Olsson: Yes. As long as your product is safe.

Student: How rigorous is the certification process?

Erik Olsson: It depends. You will obtain product certification for a specific use of the product. If you want to sell your product for another use, you need a new certificate.

Student: Do you certify services?

Erik Olsson: County councils certify services. The Law of Public Procurement applies to all products including applications. Swedish laws reflect the Public Procurement Directive of the European Union. The current directive stretches from 2004 to 2018. Politicians negotiate a new directive.

Public procurement is the purchase of products and services with public means. Free products fall outside the domain of public procurement laws. Contracting authorities can discuss technical solutions with suppliers during procurement. Meetings with suppliers fall outside public procurement laws as long as the meetings do not affect competition.

Procurements below 280,000 Swedish kronor (forty thousand US dollars) are exempt from public procurement legislation. Include service costs when you calculate the value. Include installation costs in the total value of your procurement. If the total cost of your product is below 1.8 million Swedish kronor (260,000 US dollars), more lenient laws of procurement apply.

Contracting authorities must include similar products that they have bought during the last twelve months in the same procurement process. Contracting authorities must add different suppliers of one product in the same procurement process.

Products and services for research and development are exempt from the Public Procurement Law. This exemption applies if you share your research results with the public.

Prototypes are exempt from the Public Procurement Law. Products produced in large quantities are not exempt. Goods or services with a single supplier are exempt.

If you are the only provider in Europe, you are exempt from public procurement. This exemption is rare. If another supplier in Europe has an alternative way of fulfilling the need that your product addresses, the Public Procurement Law applies.

If you introduce a new way of thinking about a service, you may be exempt from public procurement. You can obtain funding from the buyer if you study how to use a service in a new way.

You can avoid public procurement if the buyer and an external sponsor give you funding. Write a report at the end of your study. Develop a new way of using a service. Start a business. This is how many businesses start.

Public procurement begins when the buyer sends out a notice of procurement. Suppliers sign up for email notifications. The emails contain links to tender documents. The tender documents detail what the contracting authority is looking for.

Ask questions before you submit your tender. You have twenty or twenty five days to submit a tender. The buyer reviews all tenders. The buyer sends out an award decision. You have ten days to appeal the award decision.

Principles of equal treatment, non-discrimination, and mutual recognition guide public procurement. Proportionality and transparency also guide public procurement.

Student: The principles of public procurement are not realistic. We are biased. We favor certain people. We choose certain companies.

Erik Olsson: We would not need public procurement laws if we never favored friends over strangers.

You must treat foreign companies in the same way as you treat domestic companies in public procurement. You can require someone to speak Swedish. You cannot discriminate against someone for not being Swedish. Hospitals must recognize the qualification of nurses and doctors from other countries in the European Union.

Proportionality means that all requirements must be proportionate. If you require people who take care of older people to have nursing degrees, you exclude all people who lack nursing degrees. This may be a reasonable demand. The requirement must serve the common good. You must balance the demand with the effect the demand has on competition.

We must ensure that public procurement is transparent. The buyer must spell out all the requirements that the supplier must fulfill to win the contract. Once the buyer publishes the tender documents, the buyer cannot change the tender documents.

The buyer must specify a price if the buyer awards the contract based on price. If the buyer awards the contract based on quality, the buyer must describe quality. We have different definitions of quality.

Student: Can we read previous procurement tenders?

Erik Olsson: Yes. The contracting authority publishes previous tenders. If you ask for a previous tender, the municipality must send you the tender. Governments must release information about public procurement. Read as many tenders as you can.

Student: How long will it take for me to obtain a tender of another supplier? Do secrecy clauses prevent me from obtaining tenders of other firms?

Erik Olsson: It will take you one or two days to obtain the tender of another supplier. If you think that a contracting authority awarded the contract to the wrong supplier, you have ten days to appeal the award decision. I appeal the award decision even if I do not have the tender of the winning supplier in ten days. I send the tender to the court when I receive it.

Always send your appeal straight to the court administration. Never expect the contracting authority to forward your appeal to the court.

If you appeal your public procurement, you rarely need to appear in court. Law firms can represent you in court. Lawyers handle most administrative aspects of procurement online. Sometimes I hand in appeals in person to make sure that the court receives my appeal.

The contracting authority checks if there is sensitive information in the tender before they release the tender. The tender may include contact details to employees. The tender may reveal business intelligence. Authorities never release sensitive information.

Student: Is this how procurement works?

Erik Olsson: In most cases public procurement would not work as well without procurement laws. Many struggle to measure the quality of a product prior to the delivery of the product. Buyers try to assess the quality of your product. Contracting authorities check references on suppliers. Contracting authorities ask suppliers how they plan to deliver a service. Buyers and sellers discuss the product.

The Procurement Law ensures equal treatment of suppliers. The law forces the buyer to explain what a supplier needs to win a contract. Some county councils and local municipalities fear going to court over public procurement. Some county councils limit new products. Some counties fear that suppliers will sue the county council for choosing an innovative product.

Student: The cheapest supplier wins public procurement bids at nursing homes. How can a nursing home that chooses the cheaper producer hold high quality?

Erik Olsson: If a buyer focuses on price instead of on quality, the buyer signals that a supplier may get away with poor quality. Even if a buyer focuses on price, the buyer can ensure high quality. Only suppliers of high quality clear the hurdle of certain public procurements. These suppliers then compete on price. The buyer only considers suppliers with high quality products. The cheapest supplier of high quality products wins the bid.

When we construct procurements, we often use price as the only criterion and require high quality. Price competition can indicate that suppliers hold high quality. If suppliers hold high quality, we may accept a higher price. Some suppliers are not willing to negotiate the quality of their product.

Student: Do some counties use price and quality in their evaluation of tenders?

Eric Olsson: Yes. Some counties use price and quality in their evaluation. How do buyers assess quality? Contracting authorities must describe how they evaluate quality. They never evaluate quality in a perfect way. Remember that suppliers submit tenders late. Contracting authorities evaluate tenders in a short period of time.

A municipal employee cannot call you to discuss an aspect of the tender. Suppliers, lawyers, and contracting authorities must write down all conversations to ensure transparency. This increases transparency. This also increases bureaucracy.

During the fifty day public procurement process, suppliers and contracting authorities cannot talk to each other. Contracting parties can negotiate the terms of the tender but do not expect contracting authorities to negotiate.

Contracting authorities often describe what they want a supplier to do to solve a problem. Contracting authorities rarely describe their problem. They seldom ask the supplier what solution the supplier has in mind. This public mindset hinders innovation.

The tender documents are legal documents. You can do little to change the contract. You must meet all the requirements in the contract. Complex requirements exclude small and medium sized companies.

Student: What do you mean by complex requirements?

Erik Olsson: The capabilities of your company. Your location. Your expertise. You must ask the contracting authority to lower the requirements. You must explain that you can deliver the product or the service if they change the list of requirements. The buyer may change the requirements.

Student: Are we allowed to partner with other small companies?

Erik Olsson: The Procurement Law allows you to have partners. Your partner must agree to put his or her full capacity at your disposal. One company applies for the public contract. This company employs contractors. Several companies can partner in a corporation. The partner corporation applies for the contract.

You have one chance to win the public contract. Many firms lose contracts because their applications are poor. Write applications of high quality.

There is no point in delivering additional services. Deliver what the buyer wants. Explain why you are different from other suppliers. If you lack the resources for public procurement you can become a supplier to a larger firm. Find firms that deliver similar products. Supply your product to these firms.

You can appeal any procurement decision. You must be a supplier or a potential supplier to appeal the award decision. You can make an appeal on the grounds that it excludes small companies. Appeal the award decision if you believe that you can address the need of the buyer without complex requirements. Invoke the principle of proportionality.

If a supplier appeals the award decision within ten days, the public procurement comes to a halt. It takes between six weeks and six months to try the appeal. The court examines whether the contracting authority has followed the principles of procurement. The court cannot evaluate tenders. It cannot evaluate suppliers.

You must show that the buyer breached the Public Procurement Law. You need to illustrate that you as a supplier have suffered injury. The court will annul contracts signed under exemption clauses. The court will cancel payments.

Student: Does the buyer pay the supplier if the court annuls a decision?

Erik Olsson: No. Buyers will not pay you if the court annuls the award decision. Product requirement is the most common grounds for appeal. Suppliers who lose the contract claim that

their product meets all the requirements. Suppliers who lose think that the winner fails to meet the requirements of the buyer.

Student: Can we sell our applications to larger companies?

Erik Olsson: Your applications can add value to larger companies. Your applications can help a large company win a public contract. You can market your product to people who have no idea your application exists. Tell large companies that your product exists before the next round of procurement. Large companies can include your product in their bids.

Student: How frequent are public procurements?

Erik Olsson: Public procurement occurs every four years. Four years is the maximum length of a public contract. Start thinking about a contract a year in advance. Research other suppliers. Call the municipality board. Contact the county council. Describe your product. Talk about your service. Ask municipalities and counties if they begin procurement for similar products soon. Complete your application.

I wish you good luck! I hope that you win a public contract!



About Erik Olsson:

Erik Olsson is an associate at Delphi Law Firm. He is a member of the practice group for European Union Competition Law and Public Procurement. Mr. Olsson specializes in public procurement and state aid law. He has experience in all aspects of public procurement. He has represented clients in many public procurement cases in Sweden. Mr. Olsson advises clients from the public and private sectors in administrative law and on regulatory issues.

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About Delphi Law Firm:

Delphi Law Firm is a top commercial law firm in Sweden. Delphi works on mergers and on acquisitions. The firm specializes in banking, finance, and capital markets. The firm represents clients in court and in arbitration. Delphi Law Firm also specializes in public procurement and in environmental law. The associates and the solicitors at Delphi Law Firm are specialists in intellectual property and in the life sciences.

Gregg Vanourek, Professor, Royal Institute of Technology and the Stockholm School of Entrepreneurship

This is a summary of a workshop facilitated by Gregg Vanourek for the Modern Aging program in Stockholm in September 2013. The workshop included lecture, activities, presentation slides, and discussion. This summary focuses on some of the content of the workshop.

Title of Workshop: Ideation for Aspiring Entrepreneurs

Ideation is about generating and evaluating ideas. As an entrepreneur, you want to develop viable and feasible ideas and understand deeply the needs of the customer.

Steven Johnson is an anthropologist and historian who wrote a great book called *Where Good Ideas Come From: The Natural History of Innovation*. “We have a natural tendency to romanticize breakthrough innovations,” according to Johnson.

We tend to glorify the lone inventor. We remember Steve Jobs but forget about Steve Wozniak. Teams or cofounders created Apple, Google, YouTube, Twitter, Ben and Jerry’s, H&M, Infosys, Microsoft, Spotify, Skype, and so many more influential ventures.

“History loves the notion of the sole innovator... History is wrong. Successful companies are started, and made successful, by at least two, and usually more, soulmates. After the fact, one person may come to be recognized as ‘the innovator,’ but it always takes a team of good people to make any venture work.”

-[Guy Kawasaki](#), author and former Appel Fellow

We also tend to think about innovation as a moment. When explorers discovered gold, they shouted “Eureka!” The “eureka moment” is one of the most common metaphors used in describing ideation. “The idea of the...eureka moment where they suddenly get a great idea that changes the world is not just the exception, but almost nonexistent,” according to Johnson.

Innovation is better described as arriving through what Johnson calls a “slow hunch,” meaning that ideas typically need a fair amount of incubation time, plus external stimuli.

“No great thing is created suddenly.”

-Epictetus, Greek Stoic philosopher

Innovation is often a messy, halting, and complex process, and much more than a moment of inspiration.

“A hunch is creativity trying to tell you something.”

-Frank Capra, film director

As an aspiring entrepreneur, you are wise to pay attention to your hunches. Develop your entrepreneurial alertness. Notice problems. Write down your observations, “bug lists” (lists of everyday things that bother you), and ideas.

Richard Branson, founder of Virgin Group, keeps a journal of sorts, a question book. Most of us do not take notes like this. We see inefficiencies but just move on. When you look back on your idea journal, after a period of time, you will probably discover that it is filled with valuable insights and opportunities.

Reformulate challenges into questions. Some experts advise innovators to keep track of their question to answer ratio – and to make sure the ratio remains high (i.e., many more questions than answers). The answers are often the easy part. It’s the questions that are hard – and powerful. Question what you question. Ask the questions nobody else is asking.

“The answers are often the easy part. It’s the questions that are hard - and powerful. Question what you question. Ask the questions nobody else is asking.”

Notice what is going on here and now. Here we are talking about the powerful skills of entrepreneurial alertness and opportunity recognition.

“Most innovation is more a matter of noticing what’s going on in the here and now than it is of gazing into some crystal ball.”

- James Kouzes and Barry Posner, *A Leader’s Legacy*

An example is Intuit, a four billion dollar company that offers successful products like QuickBooks and TurboTax. Cofounder Scott Cook attributes a key insight for founding the company to watching his wife working at the kitchen table, noticing how frustrating and time consuming it was to do family financial planning and taxes manually. The value proposition of their product, built around insights from those observations, was so compelling that they grabbed about a fifty percent market share the year after it was introduced.

“Observation is the big game changer in our company.”

-Scott Cook, Cofounder, Intuit

The company has built that focus on observation into how it operates, including phone interviews, home visits to watch people managing their finances, in house usability testing, follow me home tests, customer surveys, beta tests, etc. Cook also says, “the key to business success is knowing your customer cold.”

How would you describe ideation if you were asked about it? Probably with words like “spark,” “light bulb,” “epiphany,” “eureka moment,” “flash of insight,” etc. These are the prevailing metaphors of ideation. And they are all wrong – or at least woefully incomplete – and misleading.

Johnson likens ideas with swarms and with networks. There are about eighty six billion neurons in the human brain, according to recent estimates, and an estimated one thousand to seven thousand synaptic connections to other neurons, per neuron. Therefore, researchers estimate that there are about eighty six to seven hundred trillion distinct neuronal connections in the brain. The human brain has been described as an association engine. It is particularly good at making associations or connections between memories, thoughts, and ideas and storing them accordingly and using them as fodder for new connections. It is remarkable and beautiful.

New ideas are a collection of existing parts, according to Johnson, and ideation is a bit like building with Legos. Ideas are associations you make in your brain. Johnson emphasizes the importance of idea collisions: your ideas collide with other ideas or thoughts or memories you have, plus the ideas of other people, leading to those slow hunches that add up to something over time when worked on intensively but also given time to incubate – and time away doing other things – and mashed up with external stimuli.

“Good ideas are not conjured out of thin air; they are built out of a collection of existing parts... The trick to having good ideas is not to sit around in glorious isolation and try to think big thoughts. The trick is to get more parts on the table.”

-Steven Johnson

These notions of how the ideation process works are reminiscent of those of other thought leaders and practitioners. For example, Einstein emphasized “combinatorial play” in his scientific and conceptual work. Apple cofounder Steve Jobs said that, “creativity is connecting things.” Dan Pink, author of *A Whole New Mind*, said creativity involves “reassembling existing ideas.”

A series of such “idea collisions” created Google. Google was not the first search engine. It was a series of idea collisions that came together among the cofounders and the professor they worked with, as well as some of their investors, advisors, and team, all over a period not of days, weeks, or months, but years. According to William Duggan in his book, *Strategic Intuition: The Creative Spark in Human Achievement*, the founders of Google “did not invent AltaVista, academic citations, data mining, and Overture, but they are the ones who combined them over four years in a series of flashes of insight.” Google drew upon features of the Alta Vista search engine, the way that academic citations and data mining work, and the business model of Overture, combining them all in powerful ways.

One of the most important things you can do as an entrepreneur in the ideation process is to make sure you’ve identified a problem people have – and that it is a big and bad problem. It

sounds easy, but you'd be surprised at how rare it is and how often entrepreneurs assume a problem that doesn't really exist for customers, or that can be easily solved otherwise.

For our book *Life Entrepreneurs: Ordinary People Creating Extraordinary Lives*, we interviewed Natalie Killassy, founder of Stitch Wise, an innovative social enterprise in South Africa. She spotted a big problem in the mining industry there: many mining injuries led to deaths or severe disabilities and high levels of unemployment, alcoholism, depression, and suicide among the miners. Her innovation: train disabled former miners and work with them to create safer, patented "backfill bags," to keep rocks from falling on miners, and knee guards, uniforms, pouches, etc.

"There's something I can do here... Give them something back in life... What most businesses don't realize is that you just need to make a few changes to be able to employ disabled people, and through that process you can harness a huge pool of skills and opportunities for your business."

–Natalie Killassy, founder, Stitch Wise

A more famous example of this is Grameen Bank and the impactful innovation of microcredit. Muhammad Yunus was a Bangladeshi professor and economist who discovered an enormous and troubling problem after immersing himself in the lives of poor villagers trapped by an abusive and controlling economic system. He spent years investigating the problem up close, in the huts with villagers, observing how things work, gathering information. It took a while for the insights that led to the founding of Grameen Bank to crystallize. These were slow hunches and idea collisions at work.

"All I really wanted to do was solve an immediate problem.... I certainly had no intention of starting a bank... At the beginning, you had no idea that something like this [microlending] would emerge."

–Muhammad Yunus, founder, Grameen Bank

Johnson believes that connectivity is an engine of innovation. He wrote that, "chance favors the connected mind." Many of us tend to associate with people that are like us. To be more innovative, connect with people who are different.

*"Many of us tend to associate with people that are like us.
To be more innovative, connect with people who are different."*

When it comes to creativity, innovation, and ideation, I think too many people throw their arms in the air in surrender, demurring that they are not one of those “creative types.” Unfortunately, there is another destructive myth at work here: that creativity is something we’re born with, so we either have it or we don’t. There is an emerging body of evidence indicating that most of our creativity is, in fact, not genetic. For example, in *The Innovator’s DNA*, the authors point to an interesting study of 117 pairs of identical and fraternal twins. The researchers link only thirty percent of performance on creativity tests to genetics, versus eighty to eighty five percent of performance on intelligence tests to genetics. They report that six other studies confirm that creativity is not genetically determined.

“Roughly two thirds of our innovation skills still come through learning – from first understanding the skill, then practicing it, and ultimately gaining confidence in our capacity to create.”

-Jeff Dyer, Hal Gregersen, Clayton Christensen, *The Innovator’s DNA: Mastering the Five Skills of Disruptive Innovators*

We can learn how to be creative. We can learn how to be innovative and how to ideate, including both generating ideas and evaluating their viability. And we must in the economy of today.

Learn these skills and practice them. Build your creative confidence. It just might change your life.



About Gregg Vanourek:

Gregg Vanourek is a featured speaker and trainer worldwide on the topics of entrepreneurship, leadership, and personal development. He teaches at the Royal Institute of Technology and the Stockholm School of Entrepreneurship. Previously, he taught at Stockholm Business School, Euromed School of Management, University of Denver, and Colorado Mountain College.

Mr. Vanourek cofounded New Mountain Ventures, an entrepreneurial leadership development company, and served as senior vice president of school development for K12, an online education company, during its startup years. While at K12, the division he led launched a number of innovative virtual schools all over the US, helping the company become the market leader in the space. Previously, he helped to launch and served as vice president for programs at the Thomas B. Fordham Foundation, an influential education reform foundation, and research fellow at the Hudson Institute.

*Mr. Vanourek is coauthor of three influential books, *Triple Crown Leadership: Building Excellent, Ethical, and Enduring Organizations* (2013 International Book Awards winner), *Life Entrepreneurs: Ordinary People Creating Extraordinary Lives*, and *Charter Schools in Action: Renewing Public Education*. He has written several book chapters and reports, as well as numerous articles for leading journals and media outlets. His writing has been featured in or reviewed by *Fast Company*, *BusinessWeek*, *U.S. News & World Report*, *The New York Times*, *Harvard Business Blogs*, *Leader to Leader*, *Publishers Weekly*, *Entrepreneur*, and more.*

Mr. Vanourek is a graduate of the Yale School of Management (MBA), London School of Economics and Political Science (MSc), and Claremont McKenna College (BA). He serves on the board of the Vail Leadership Institute and

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Gustaf Josefsson, Innovation Strategist and Entrepreneur

This is a summary of the remarks made by Gustaf Josefsson and members of the audience.

Title of Talk: Business Model Canvasing

Gustaf Josefsson: My name is Gustaf Josefsson. I started my first business eleven years ago. I was nineteen years old when I started my first business. I have worked with projects on the internet. I have worked at theater festivals. I have worked in event management. I am starting a shared workspace for three dimensional printing businesses. I will talk about business model canvasing. I will talk about lean startups. Lean startups follow an incremental startup approach.

I have studied cognitive science, psychology, and philosophy. I studied linguistics, artificial intelligence, and rhetoric. I studied chemistry, law, and biomedical engineering. I earned a degree in psychology. I undertook business studies. Have you heard about the business model canvas?

Student: I understand that the business model canvas is replacing the traditional business model.

Gustaf Josefsson: Business plans help you convince investors to invest in your company. Banks ask for business plans before they approve loans. Business plans are helpful when you work with businesses that *can* be planned. Business plans are helpful when you know with whom you are working. Business plans are helpful when you know exactly what you are doing. Business plans for startups are mostly guesswork. It is difficult to make plans for new companies in new markets. Traditional business plans for startups are not always helpful.

“Traditional business plans can be counter productive for startups.”

Traditional business plans can be counterproductive for startups. The entrepreneur uses the business plan to attract investors. The business plan becomes a sales document. The entrepreneur hides weaknesses of the company from investors. The entrepreneur hides weaknesses of the company from himself or herself. If the entrepreneur shows the weaknesses to the bank, the bank will not approve a loan.

You should focus on the weaknesses of your company. You are more likely to improve a weakness if you focus on the weakness. Business plans that cover up weaknesses are counterproductive.

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The business canvas is a visual representation. You can move resources from one area to another. The business canvas is like a puzzle. It is a tool you can use to develop your idea. It helps other people to understand how your business works.

What is a startup?

Learning is central to startups. The purpose of a startup is to figure out why the startup exists. The purpose of a startup is not to grow. Your goal should not be to increase sales. Your primary goal should be to learn. Set targets for your learning. Figure out what you need to know. Find out how the world works. Once you understand your role in the world, you are no longer a startup. You are a company when you understand your role. A startup is not a small business. A startup is a temporary learning project.

How do you best deal with change?

Lean startups adjust to changing environments. Lean startups contrast traditional business planning. In the 1980s, product development followed a set path. Market research preceded brand development. Product marketing preceded product launch. You planned the process from product development to product launch far in advance. You planned one and a half years ahead of time. You followed your plan. If you are not in the market learning about your industry for over a year, your product may become obsolete. You need to update your product frequently. You need to stay in the market and follow the trends. We need to move beyond traditional business plans.

“What you do is more important than how you do it.”

A startup is a human institution. A startup creates a new product under uncertainty. What you do is more important than how you do it. In the lean startup world you build a product. You

move in a circle. You send the product to the market. You see who buys the product. You observe how people use the product. You note how you can improve the product. You use the information. You rebuild your product. You send the product to the market again. This is the circle.

The point is to go through the circle as many times as possible. The point is to go through the circle quickly. In the 1990s, you offered a few product upgrades to everyone. Lean companies like Facebook launch new features of their product. New features of Facebook emerge twice a week. Developers do not go to management with ideas. Facebook developers launch a new feature to ten thousand random Facebook users. Developers analyze how users respond to the new feature. Developers report back to management. Facebook then upgrades part of their product to everyone. Facebook completes the circle quickly. Facebook completes the circle many times. Lean startups let every employee experiment. Startups fail. You will fail many times. Fail fast. Move on.

*“Lean startups let every employee experiment. Startups fail.
You will fail many times. Fail fast. Move on.”*

If your budget will fund your team for six months, do not spend six months planning. Do not launch right before you run out of funding. Do not try to perfect your idea before you test it. Launch after three weeks. Launch again after six weeks. It is less expensive to fail early. Every launch is a gamble. The more you gamble the more you learn. Each gamble is less expensive because you learn. Optimize your work by experimenting.

Figure out how to meet the needs of your customer. Focus less on quantity. Avoid sales targets. Avoid user targets. User targets encourage you to increase the number of users on your website. Ask yourself who the customers are on your website? Why is it important that these customers use your product? Are they the right customers? There are many ways to increase traffic on your website. Do not increase traffic unless you understand how increased traffic generates revenue.

Your customer is the only person who can evaluate quality. We think that the customer demands certain standards. We polish our product. We perfect our logo. We produce sales material. We hide behind quality standards. We do not know whether the customer care about our quality standards. We postpone facing the customer. We do this because we dislike when other people reject our ideas.

Develop a “minimum viable product.” A minimum viable product is the least you can do to test your hypothesis. If your idea is to match students who look for a place to stay with older people who have spare bedrooms, find the simplest way to do so. There are many uncertain factors that influence the business idea. How would older people advertise their apartments? What rules apply if students move in? How can you avoid conflicts? Will students and pensioners get along?

Develop a product that can help you answer your questions. Find a student who is looking for a place to stay. Ask the student if he or she is willing to move in with an older person. Contact an older person. Ask if the older person is willing to rent a room to a student. This is your minimum viable product. Tell the student and the older person that you will match them. Monitor the relationship. Meet the student and the retiree once a week. Test your hypothesis. You do not need a website. You do not need expensive equipment. You need a minimum viable product.

Aardvark is an information company. You ask them questions. Aardvark matches you with a specialist who answers your question. Aardvark wanted to build a computer system that reads questions. The founders wanted the computer system to match questions with the right expert. Aardvark built a minimum viable product. Aardvark made a website. The website looked like it had a computer system that matched questions with experts. Aardvark hired eight people who found experts who were willing to answer questions. When Aardvark asked investors for money, Aardvark had thousands of users. Aardvark proved that experts were willing to answer questions. The minimum viable product helped Aardvark to attract investors.

Hand out a sample of your product to one group of people. Hand out a slightly different product to a control group. Observe how people react to the two samples. Observe any differences. Facebook uses this method. Facebook selects ten thousand users. Facebook changes the color of a button on their website. Facebook analyzes how their users react to this change. Facebook compares the reaction of the ten thousand users with a control group.

This is eCommerce. You do not have a great idea that suddenly works. You launch a product. You see if it works. You make changes. Amazon is an expert at this. Amazon analyzes every click on their website. Developers study where it is optimal to place names, prices, and advertisements. Amazon implements ideas once they have tested the ideas. Greco is an online matchmaking site. It is for social networking. Greco launched their website in Mexico, Brazil, and in Argentina. The company used three different marketing strategies. In one country, Greco used an online marketing campaign. In the second country, it used event marketing. It used iPads to make customers sign up on the streets. In the third country, Greco marketed the website in a print magazine. Greco compared the three advertising campaigns. Greco compared the number of registered customers, sales, and revenue at different points in time. The company analyzed sales. Greco uses the most successful advertising campaign.

The writer and philosopher Eric Hoffer said, “in times of change, learners inherit the earth while the learned find themselves beautifully equipped to deal with a world that no longer exists.”

Identify your customers. Identify different customer segments. Google has two main customer segments: users and advertisers. Look at the relationships you form with different customer segments. Develop value propositions for each customer segment.

Think about how you reach your customers. Will you develop long term relationships with your customers? Will you establish short term relationships with some customers? What expectations will evolve in the relationship with your customer? Think about what resources you need to meet the expectations. Will you use different channels to communicate with each customer segment?

Banks provide similar services to different customer segments. High net worth individuals use similar services as middle class customers. The business of a high net worth individual is more important to the bank than the business of an average customer. The bank will nurture the relationship with high net worth individuals. Banks use a special communications strategy to its private banking customers. Google provides a different service to its users compared to its advertisers. Google uses a different communications strategy for each customer segment. Write down how you will communicate with different customer segments.

Think about the most cost effective way to reach your customer. First of all, you make customers aware of your product. Customers then visit your website. Customers evaluate your offer. Customers make a purchase. You may need to visit an older person to sell your product. Think about how you will deliver your product.

With certain products you build new channels. A channel is a way to reach your customer. Imagine that you develop an application for relatives of older people. Care homes use the application to post health updates. The updates describe the health of your relative in the care home. Imagine that one hundred thousand people use the application.

You have a channel to one hundred thousand people. These one hundred thousand people have relatives in care homes. Start a new business by using the application. Communicate with the relatives. The channel to the relatives is a value proposition. The business canvas allows you to change a channel into a value proposition.

Think about customer relationships. Are your customer relationships expensive to maintain? Do you deliver a personal service? Do you deliver an automated service? Is your relationship co-creative? If you use the community at a care home as a marketing resource, you have a co-creative relationship. The community at the care home is your co-developer. You can view the community as your innovator.

Student: You encourage us to focus on the relationship with our customers. Why is that important?

Gustaf Josefsson: Customer relationships matter. Make sure that your customer relationships survive. Make sure your customer relationship is independent of one person. Are you taking responsibility for your customer relationships?

Student: Yes. We will sign a contract with the student and the older person when we match them.

Gustaf Josefsson: Do you invest long term in your customer relationships? Do you think of the customer relationship as finished when you have signed the contract?

Student: No.

Gustaf Josefsson: Your customer relationship is personal. Your customer relationship is long term. Make sure that you are not liable if the relationship breaks down. Imagine that a student moves out after three weeks. Will you offer a refund of your matching fee? Decide how engaged you want to be after you have matched the student with the older person. Think about what the student is willing to pay for your service. Examine what pensioners are willing to pay. Think about the value of your engagement.

How will you price your product? Will you price the product differently to your different customer segments? Will some customers obtain your product for free? Think about how your business will survive if you leave the company. Secure the long term existence of your venture.

Student: Our business does not depend on revenue. Our business depends on students. We depend on older people with spare bedrooms.

Gustaf Josefsson: Your service may be free. Your service may cost little once customers know about your business. Your business still depends on revenue. You need to communicate with new students every semester. If you want to grow your business you need to advertise it. Without advertising, your service will become a useful tool with few users. Test your idea. Older people may not use websites. You may need to hire someone to call the retired person. You may need a website. Websites cost money. This is why you depend on revenue.

Define the value you intend to deliver to your customer. Outline the resources you need. You may need a cash deposit. You may need knowledge. You might need a network. You may need a database of students. Students move. Older people are more permanent. Develop a special relationship with reoccurring customers. Prioritize the older people if you believe they are long term customers.

State what you want to deliver. Say how you will deliver your service.

Sometimes your customers become your partners. A partner is someone who helps you deliver your value proposition. In the business model canvas you can change customers into partners. Older people may become your partners if they help you advertise your business. You may only charge the students. The retirees can be your “supplier” of apartments. No business model is better than any other model before you try it.

Let us consider the application for relatives to people in care homes. Nurses may dislike the application. If you manage to motivate the nurses to use the application, the nurses will help you sell your application. The nurses will use your application if the application improves the relationship with relatives. Include your partners. Include your customers.

Study uncertainties. There are always uncertainties. Are your costs uncertain? Do you have fixed costs? Do you have variable costs? Fixed costs stay the same. Variable costs are proportionate to your sales.

Are you in a cost driven industry? Are you in a value driven industry? Consumer electronics is a cost driven business. You charge your costs. You add a small margin. The consumer electronics market is competitive. You cannot charge higher prices than your competitors.

In the markets for wallets, jewelry, and watches, you charge what the customer is willing to pay. You do not charge what it costs to produce a product. With a good brand, you can charge more. Base price on value in markets where branding is important.

Solve one problem at a time. Start one business at a time. It is a complex exercise to start a business. Deliver on one value proposition at a time. Diversify your business later. Google began with searches. Google added advertising later. Use the business model canvas to develop your business.

Thank you for your questions. Good luck with your business canvases!

Thank you!



About Gustaf Josefsson:

Gustaf Josefsson is a public speaker. He talks about creativity, the internet, and the future of entrepreneurship. He is the founder and the CEO of The Entrepreneurial Chase, a business design consultancy. The Entrepreneurial Chase brings the mindset of young entrepreneurs into corporations. The company has expanded across Sweden. Two hundred young entrepreneurs entered the The Entrepreneurial Chase in 2011. Mr. Josefsson has worked with the collaborative art project "Futuredrome." As chairman of the Young Entrepreneurs of Sweden, Mr. Josefsson heads a nationwide network of entrepreneurs under the age of thirty.

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Donnie SC Lygonis, Technology Transfer Manager, Royal Institute of Technology Innovation

This is a summary of the remarks made by Donnie Lygonis and members of the audience.

Title of Talk: Target Groups, Unique Selling Points, Packaging, and Pitches

Donnie Lygonis: My name is Donnie. I work at the Royal Institute of Technology as an innovation coach, which means that I spend my days discussing ideas with researchers and students, trying to help them succeed in turning ideas into successful businesses. I have worked with business development for over twenty years, mostly within the gaming industry and in the online media sector.

Many people have ideas, but that doesn't make them entrepreneurs. Entrepreneurs turn ideas into value for users. Ideas do not become businesses by themselves, people do that. And that ties into innovation as well. When I refer to innovation, I refer to products or services that create value in society, created by someone. Social entrepreneurs, just like other entrepreneurs, must describe how their ideas generate value, and they need to be built around a business idea, just like any other business idea.

Normally, entrepreneurs underestimate the cost and time it takes to realize an idea. A rule of thumb is that it will take twice as long as you think to establish a profitable business and cost twice as much.

The context of innovation is important. By context I mean timing, market trends, and demand for the innovation.

You can analyze your idea with the help of a checklist. Describe your idea. Think about how you present your idea. Package your idea. The Stanford Research Institute developed a model called NABC (Need, Approach, Benefit, Competition) that helps you present your idea. Many Swedish entities and governmental innovation agencies use the NABC model when they assess grants applications in Sweden, so it's a good thing to learn.

The NABC model focuses on the need that your product satisfies for a user. It becomes more challenging if your product satisfies a need that customers are unaware of. Few people knew that they needed an iPad ten years ago. Innovation is about anticipating and explaining needs. The payer, the user, and the person who places the order might have different needs. You must understand everyone's needs and choose one need to satisfy so you can target your communication to that customer group. It might be to explain how the hospital will save money or increase efficiency or to explain how nurses or patients will benefit from using your product or service. You need to understand your competitors. There is always competition. Even if there

is no product or service that resembles your product or service, there are alternative ways of doing things. Then that is your competition.

Think about your business idea in terms of risk and reward. Consultants sell their time. Consultants do not incur a risk because they earn a fixed hourly rate. Factory owners and entrepreneurs incur higher risks. It costs money to produce products. The potential reward of the factory owner is higher than the earnings of the consultant. Think about the risks and rewards that you want. Try to protect your ideas with brand registrations, patents, or similar. Product protection is about creating barriers and preventing other people from doing what you are doing.

Student: Would you recommend that we talk to others about our ideas?

Donnie Lygonis: Yes. Ideas need to be talked about and tested on other people. When I talk to researchers, I say that it is ok to talk about what you are doing but not explain how you are doing it. This is an important distinction. Try to use confidentiality agreements when you meet companies or potential partners to talk about your idea. But remember that good innovations are difficult to imitate because they require research and a lot of thought. I usually use a pyramid as a symbol for the strength of idea protection. On the top of the pyramid is time. If you are the first in the field you have protection simply by being first, but to maintain that protection you need to keep on running. Further down the pyramid are trademarks, domain names, design protections, and licenses. At the bottom of the pyramid are patents that offer stronger protection.

Paint a picture of your ideal user. Create customer groups. Describe some characteristics that people in the same group share. Think about how you communicate with each customer group. Describe the lives of your customers with and without your innovation. Find out when you are likely to make money selling your product to the various customer groups. Produce calculations of the size of the market. Divide the market into different segments. Create a customer strategy. You might need to start with less profitable customers to reach lucrative consumers. Your business plan will change over time, so keep it agile. General Dwight D. Eisenhower said, "Plans are useless, but planning is indispensable." Produce a budget. Your projected revenues need to exceed your costs. Many good ideas fail because people simply underestimate the costs and overestimate the revenues. Never accept investments from friends or relatives without formal agreements.

When thinking about business models, always try to build in a core business in your idea. But having said that, of course there are other ways. Companies like Instagram are worth billions. Instagram does not charge their users. Instagram uses a different revenue calculation.

Student: Instagram collects user information.

Donnie Lygonis: Exactly. Instagram collects user data, which is valuable. The users of Instagram are the product. If you do not pay for a product, you are the product.

Student: Instagram and Facebook place advertisements based on your preferences. They do more than sell information.

Donnie Lygonis: Yes. Users convey to advertisers exactly what they want and when they want it. Facebook owns all the content that you upload. That is their business idea.

Understand how different actors relate to one another in your market. Study the value chain in your industry. This exercise will reveal strategic partners and customers. Profit margins and costs of entry differ at each junction of the value chain. Enter the value chain where your margin is the highest. Enter where you can protect your idea. Expand your business by entering at a different point of the value chain. The Swedish telecommunications companies like 3 and Tele2 sold subscriptions for cellular phones. They later opened their own stores. They expanded forward in the value chain. Other companies expand backward.

Every company needs competent people. Figure out what kind of knowledge you will need, now and in the future. Reserve equity for people who possess the competence that you need in the future.

Donnie Lygonis: Let us talk about your pitch. Attracting investors is like selling your product. You need to pitch your idea to many people. You may face a three year sales process with hospital management. You may meet an investor who invests after six seconds. You need to prepare your pitch. You must balance the amount of information with the value to the customer of knowing more. Think about what the customer listens to and listens for. Adjust the level of detail to the audience. Always be clear with what you are selling. Avoid vague descriptions of your product. Avoid going into too much technical detail.

Start by telling your audience who you are, why you are there, and what you are going to talk about. That will make them relax and listen to you. Make sure that people relate to what you are talking about. Use facts to support claims that you make. Nobody wants to feel stupid. Create a friendly atmosphere. Describe the need your product satisfies. Outline how your product satisfies that need. State why your company and team is better than other companies. Always decide how to move forward before you end a meeting. Many brilliant entrepreneurs leave the room without explaining what they want. Tell people what you want. Explain to potential investors what output you expect for different levels of investment.

Answer questions in your pitch that you think your audience will ask. Anticipate how your audience will react. Think about questions that you do not want to answer and prepare answers to those questions that you do not want. Avoid going into long discussions. Follow up after your presentation if someone wants to discuss something not covered in the presentation. Be sure to follow up all sales meetings. Only invite customers and business partners to meetings with a purpose. If you invite people to informal meetings without specific agendas, communicate that in advance. Focus on value creation.

Student: What pitch model do you use?

Donnie Lygonis: We use a model that we have developed ourselves, called The KTH Innovation INSWIN pitch model (Intro, Need, Solution, Why us, Investment, Next step)

Student: Should we prepare product pitches in Swedish and in English?

Donnie Lygonis: We use English most of the time at the Royal Institute of Technology, but if there are only Swedish speakers in the room, use Swedish. I recommend that you prepare your pitch in both Swedish and English.

Student: When should we seek money?

Donnie Lygonis: I advise that you develop your idea as far as you can before you seek external funding, but not so far that you are desperate for it. Try to work with grants or government loans instead of investments. When you take in investors, you also take in owners, meaning that you lose some control of the company. The best way to finance your business is to sell to customers, as early as possible. Run them as pilot projects. That way you test your product in the correct environment, and you make some money to cover development. Investors are helpful at later stages when you move into new markets and need more money to expand.

I will not go into pricing strategies in depth, but in short, the simplest pricing strategy is to base price on what it costs to produce or run and add a margin so you actually make more money than you cost. Next would be to look at what competitors are charging and adapting to that, but that can be tricky and might force you into charging too little if the others are underpricing to get customers. Then you have value based pricing: how much is the customer prepared to pay for the brand or the experience? Pricing is difficult and usually needs a lot of iteration to get right, but remember that it always easier to lower the price than to increase the price.

When consumers go through the buying process, they base their decisions on both rational and emotional factors. As an entrepreneur, you need to understand both the emotional and the rational element. So learn how to explain how your product generates real value to the customer. Customer value can be described as perceived benefit divided by costs. Costs can be monetary or real. Create what we call the threshold of buying, all the factors that are making me not buy your product or service. The threshold might be made up of factors like transportation and installation of products, learning how to use the product, the need to bring in new expertise, etc. So you need to make your product important enough for the customer to accept these costs. As an entrepreneur, you need to understand your competition. This is more complicated than analyzing similar products. Understanding the competition requires an understanding of the customer. The competitors of Coca-Cola are many. The competition stretches beyond other soft drinks. A thirsty customer can drink beer or water. The challenge is to make a thirsty person drink Coca-Cola. The challenge is not only to make a person chose Coca-Cola instead of other soft drinks.

Most people dislike making choices so they stick to what they know and what they feel comfortable with. Just because there are choices does not mean that people will choose. It is

more common that people do not choose a product at all. That is your competition. To make them choose you instead of the status quo.

Remember that just because you offer a product it does not mean that consumers will buy it. Your timing is important. You need to market the right product to the right customers at the right time. History is full of great ideas that suffered from bad timing.

Remember that what goes around comes around, so build a reputation as a trustworthy person. Avoid taking shortcuts. They are never shorter in the long run. Be a good person. It will pay off in the end.

Student: Can you talk about sustainability and environmental awareness in innovation?

Donnie Lygonis: Twenty years ago, you met resistance when you introduced yourself as an environmental entrepreneur. The environmental movement today focuses on sustainable initiatives and have shifted from focusing on blame to focusing constructive progressive action, so now it is more about doing more good and less of doing less bad.

But I think every innovation ought to be environmentally friendly. Every entrepreneur should consider sustainability and environmental factors. We have a long way to go in some industries and in some markets. We are all moving toward more sustainable models. Social entrepreneurship is mainstream.

Student: How would you define social entrepreneurship?

Donnie Lygonis: That is difficult, but my definition is that instead of first thinking of a way to make money, and then try to add social responsibility, a social entrepreneur first thinks of something that needs to be changed, and then figures out how to make money as well. And remember that the word social in social entrepreneurship encompasses environmental, economic, social, and ethical factors.

But there has to be a sustainable business model in place. You have to make money. If not, you are running a charity, not a business. And a charity only lives as long as you can find donors. Create business models, not charities.

Allow entrepreneurs to make profits. These profits can be used to serve the greater good. Thank you for your interesting questions today. It's been a pleasure to give this lecture.

Thank you!

**About Donnie SC Lygonis:**

Donnie Lygonis is technology transfer manager at the Royal Institute of Technology Innovation. He started his career in the Swedish Armed Forces as an officer in the Royal Engineers.

Mr. Lygonis formed his first company, Romelix Interactive, with his sister, in 1995. He has started a number of projects since then and has held managerial positions for other large organizations. Mr. Lygonis has worked as a business coach at the Royal Institute of Technology since 2009, a jury member of the Venture Cup since 2000, and for Young Entrepreneurs since 2006. He has created and taught courses at the School of Economics in Gothenburg and IHM Business School in Gothenburg and Stockholm.

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About KTH Innovation, the innovation office at The Royal Institute of Technology:

KTH Innovation supports the commercialization of ideas and research results from researchers and students. It offer commercialization support for innovation projects in all stages of development, from a research result or idea to marketable product or service. KTH Innovation is particularly focused on the commercialization of new technology and the early stages of the development and verification of an idea.

Marijn van der Sluijs, PhD Candidate, Opticom

This is a summary of the remarks made by Marijn van der Sluijs and members of the audience.

Title of Talk: Research, Questionnaire Design, and Data Analysis

Marijn van der Sluijs: My name is Marijn van der Sluijs. I am a project manager at Opticom International Research, a consulting company specializing in international market research. Opticom is based in Stockholm.

I will describe how to do a market analysis. I will help you to write a research proposal. I will talk about research design, about sampling, and about questionnaires. Intuition will help you make strategic choices. If you face low risk decisions, intuition is helpful. You should base complex investment decisions on a thorough analysis. If you invest the money of someone else, you want to rely on a firm analysis. Prove to yourself before you make the investment that the investment is profitable.

Define the problem you are researching. State your hypothesis. A hypothesis is a question that you want to test. Conduct your research. Your research generates data. Data explain the larger picture. If possible, most would prefer large samples of data over small samples of data. Statistical tools allow you to test your hypotheses.

Explain why you conduct your research. Are you researching the practical application of your idea? Are you researching the suitability of your marketing strategy? Do you want to know how you can improve your concept? What questions do you want your research to answer? What do you need to ask people?

The data collection phase is labor intensive. Interviews are time consuming. Finding respondents may take time. Sometimes you need to offer monetary incentives or similar to people in exchange for their time. Use your knowledge of the market. Use your understanding of your target customer. Analyze your results. Be careful. Market research showed that the market for copy machines was small. Xerox ignored this finding. Xerox marketed the copy machine. The copy machine market is large.

Sometimes we explain our product poorly when we do market research. Sometimes our research gives us incomplete data. Sometimes we arrive at misguided conclusions. Think about your research results. Explain your product in a different way. Conduct more research.

Share your market analysis with investors. Listen to negative feedback. Use the negative feedback. If a particular group of people likes your product, find out more about this group. Act on your market research results. Follow up with the people you interview. Share your results. The research process does not end when you have your first results.

What research questions would you like to have answers to?

Student: I want to develop an online forum for staff in elder care. The staff could share ideas and communicate on the forum. Would the staff use the forum? Would advertisers pay to place advertisements on the site? Would employers advertise job openings in the elder care sector at the online forum?

Marijn van der Sluijs: Would your forum be a bulletin board?

Student: My forum would be a chat forum. There would be healthcare blogs. I would post links to newspapers. My target group is people who want access to information about elder care.

Student: We want to create a community for older healthy people who live alone. We want these people to live in separate apartments in the same building. We want to offer activities. We want to offer access to healthcare. We want to know if older people like this idea. We want to know how old these people are. Are older people willing to move from where they live today? We want to know if this is a good idea. We want to know how we should develop our idea.

Student: I want to connect older people with a spare bedroom with students who are looking for a place to live. I want to know if entrepreneurs have tried this in other countries. I want to know if students want to live with older people. Do older people want to rent out rooms to students? I want to understand the characteristics of a student who want to rent a room from a retired person.

Marijn van der Sluijs: You also need to look at how you communicate with these two groups. An online platform may not work for older people.

Student: My idea relates to food additives. Some older people are ill. Ill older people can be sensitive to certain food additives. I have a database of food containing additives. I want to know if someone wants access to my database.

Marijn van der Sluijs: Find your stakeholders. Your idea is well defined.

Student: My product is about risk management.

Marijn van der Sluijs: How do you mean?

Student: If no food delivery company publishes information on additives, then no other food delivery company will feel obliged to publish this type of information. If one food delivery company starts to share information on food additives, customers may demand this information from other companies as well. Companies that refuse to share information on additives may lose business.

Marijn van der Sluijs: Invite someone who runs a care home. Invite a person from a food delivery company. Invite a municipal representative in elder care. Let these people discuss your idea.

Let this focus group decide who should be responsible for the publication of food additives. These individuals understand decision making processes in the county. These people work with the municipality.

Student: I will start with focus groups. I will do interviews. I will find older people with diseases. I will discuss additives that harm people with certain diseases.

Marijn van der Sluijs: I would communicate research results on food additives to people who are ill.

Student: I want to improve the communication between doctors and older people. I want to develop an application that records the conversations of patients and physicians. I want to know if there is a demand for this application. I want to know what age group this application would attract. I want to know if older patients use technology. I want to know if older patients like the conversations that they have with their doctors.

Marijn van der Sluijs: Data on patient satisfaction with clinicians exist in some countries. Communication impacts satisfaction. Find out if secondary data can answer your questions.

Student: I want to develop an application. I want caretakers to post health updates to relatives via the application. Is there a demand for this type of application? Can I charge money for this application? Should I develop the application for use on websites?

Marijn van der Sluijs: You have an interesting product. You ask the right questions.

There are three main types of research. There is exploratory, descriptive, and causal. When you have little information about your market you perform exploratory research. Typically, exploratory research is qualitative research. If you interview one person with a brilliant idea, that may suffice. One person can explain a phenomenon.

Descriptive research can answer questions about the behavior of people. You can examine how doctors prescribe a drug. You can find out what substitute drugs there are. Examine how consumers use a product. Study behavior. Explore your market.

Causal research examines causes and effects. You explain how one variable impacts a second variable. You go beyond description when you do causal research. Causal research requires data. You cannot rely on an interview with one person in causal research.

For primary research you collect data. When you do secondary analysis, you examine existing data. Look at national statistics on the use of technology. Examine the statistics that the European Union compiles. Secondary data defines the outer boundaries of your market. Start your research by looking at secondary data. Complete your research by collecting new data. Use focus groups. A focus group is a group of people. These people discuss your idea. Gather people with different interests in the prospective business in the same room. Let them discuss

your product and figure out how they would use your product. Look at how they interact with your product.

Interview your customers. Interviews in person allow you to study people's reactions. Telephone interviews do not allow you to observe reactions. Use telephone interviews when you interview people who are far away. Telephone interviews are cheaper if the people you are interviewing live far away.

If you want to understand how students live, find out how many students there are in Stockholm who rent rooms. Find out if the students like their rooms. Go to a university. Interview the students you meet. This is cost effective market research. Face to face interviews are useful when your customers gather at the same place.

Online surveys generate large samples. Online surveys are inexpensive. Use a free internet survey tool. Build a questionnaire. Post links to your survey on websites that your potential customers browse. Online surveys can help you reach your target group. You can download the answers in an Excel file.

Most people give honest answers to survey questions. Be careful. You never know who answers your online survey. Your sample may not be your target group. You introduce a bias when you use online surveys. Your respondents are internet users. internet users may be different from non-internet users.

Entrepreneurs often combine exploratory and descriptive research. You want to find out how people behave. You want to find out how customers perceive your idea. Build a structured interview tool. Include questions that generate quantitative data. Insert qualitative questions. Ask how many meals people at care homes eat every day. Ask the respondents if they enjoy their meals.

Make the interview interesting. Open with general questions. Ask specific questions later. Gain an understanding of why people think in a certain way.

One of you wanted to know whether employers would pay for advertisements on your website. Ask employers where they advertise job openings. Ask whether employers pay for advertisements now. Ask whether employers are willing to pay to place advertisement on your website.

Employers will answer that they might be willing to pay for a new service if you open with that question. This answer gives you little information. Understand how people behave today. Use that perspective. Explain your idea. Make sure that respondents understand the difference between your product and existing products. Ask if customers are willing to pay for your service. Explain why your service is different.

Test your questions. Make sure your respondents understand the questions. Only include relevant questions. If you translate your questionnaire into a different language, make sure the meaning of the questions remain the same. Use simple language. Provide some background information before you ask questions. Explain all concepts that you use.

Think about what information you need. You may want to know the income of potential customers. You may want to know the age of respondents. You may want to know the level of education. Do you want to know the gender of respondents?

If ten percent of your respondents give a certain answer, it may be because these respondents share certain characteristics. These characteristics may be important pieces of information. Ask people to give some background information. Insert an open question. Ask people to describe themselves.

Nominal data group people into categories. An example of nominal data is religious belonging. You can group people with nominal data. You cannot rank respondents with nominal data.

You can rank people with ordinal data. Ordinal data group people into different groups. A questionnaire may ask people to rank how healthy they are. The answers “very healthy,” “healthy,” “not so healthy,” and “unhealthy” give you ordinal data. You can code each answer with a number. Category one can correspond to “very healthy” and category four can correspond to “unhealthy.” You can tell that someone who is “very healthy” is more healthy than someone who is “healthy.” You cannot determine how much more healthy someone who is “very healthy” is compared to someone who is “healthy.”

You can collect ordinal data by grouping people into age bands. You can group and rank people with ordinal data. An example of ordinal data is the age group of a person. Someone in the age between thirty one and forty falls in the group below the group between forty one and fifty. Interval data give you detailed information. Instead of knowing the age group of someone, interval data gives you the exact age of a person.

Rational data is data where there is not only an order in the values, such as with ordinal data, but the distance between the different alternatives is the same. E.g. a person who earns one thousand euros per month earns half as much as a person who earns two thousand euros. If we look at temperature, Fahrenheit and Celsius are both ordinal data, but it is only when measuring in Kelvin that there is rational data since there is an absolute zero where the scale starts.

Open ended questions explain how people reason. Open ended questions help you to develop your ideas. Open ended questions are difficult to categorize. Statistical analysis of open ended questions requires that you classify open ended answers.

It is easy to compare the answers to closed questions. It is difficult to compare the answers to open questions. Closed questions have rating scales. Rating scales give your analysis

consistency. Closed questions narrow your research. You introduce bias if your answer categories exclude popular answers.

One of you develops an application for caregivers to communicate with relatives. What do you ask your potential customers?

Student: I ask if relatives own smartphones. I ask what kind of smartphones relatives own. I ask what kind of health updates relatives would like to receive.

Marijn van der Sluijs: I recommend that you open with more general questions. Ask how relatives obtain information about their family members in nursing homes today. Ask how they contact their relatives. Ask if relatives like the way they communicate with the elderly. You want to offer a solution. Find out if there is a problem.

Student: I want to offer housing for older people. I want to provide healthcare, activities, and support. I ask older people about their daily routine. I ask if there are activities they want to partake in. I ask if anything prevents older people from participating in certain activities. I ask if older people meet people of their age. I ask where they meet. I ask if older people have access to healthcare.

Marijn van der Sluijs: Well done. People like to talk about their lives before they answer specific questions.

Student: I have a database for food additives. I ask questions about nutrition. I find out who stands between my customer and my database. Older people purchase meals. Caregivers and food companies deliver the food. I ask how much people are willing to spend on a meal. I ask if older people have the freedom to choose what they eat. I ask if my customer would be willing to pay extra for a healthy meal. I ask if older people read the list of ingredients. I try to understand the relationship between food providers, older people, and municipal caregivers.

Marijn van der Sluijs: Look at secondary data. Find out how many older people there are who get food delivered to their doorstep. Ask food delivery companies if they want access to your database.

Student: I want to pair students who are looking for a room with older people who have spare rooms. I ask students if they are happy in their dormitories. I ask if students are willing to share an apartment. I ask how much students can pay for housing. I ask if students would be willing to pay for a service that makes it easier to find a place to live. I ask how long students want to stay in the same apartment. I ask older people if they have a spare room. I ask retired people if they feel lonely. I ask if older persons are willing to live with students.

Marijn van der Sluijs: Find out what students do today. Look at students who live at home. Some students are happy living at home. Some students dislike living at home. Find out if students struggle to find a place to live. Understand why these students struggle. Find the

problem. Find a student who rents a room. Ask why that student decided to rent a room. Do students think of room rental as an interim solution? Do students rent rooms for long periods?

Establish a level of trust with the people whom you are interviewing. Present your idea. Ask sensitive questions towards the end of the interview. Ask older people if they may need assistance with certain tasks. Ask students if they would be willing to assist older people.

Student: I want to develop an application for patients to record what their doctors say. I ask general background questions. I ask about their income level. I ask if customers use smartphones. I ask customers to describe their favorite application. I ask how much they are willing to pay for an application. I ask customers how long they use applications for.

I ask how my potential customers remember things. Do they take notes? Do they like the conversations that they have with their doctors? I ask patients if they think their doctor understands them. I ask if patients walk out of their appointment with unanswered questions. I ask if patients use telephones to help them remember things.

Marijn van der Sluijs: Research how people behave. Research what kind of applications people like. Research how people use telephones to remember things. This will help you evaluate your idea. Game applications are popular. Your research may show that game applications are the most popular applications. How will this help you develop your application?

Student: I can learn from game applications. I can ask gaming companies to advertise my application. I can imitate the interface of game applications to make my own application attractive. My application can be a memory game.

Marijn van der Sluijs: Great. You have thought about your research. Find out how long people use an application for. We have many applications in our telephones. We use some applications. We forget other applications. Develop an application that helps patients and doctors interact.

Student: I want patients to interact with their doctor before they arrive at their consultation. I want patients to ask their doctor questions via the application. I want patients to send information via the application.

Marijn van der Sluijs: Ask why someone would stop using your application. Study the weaknesses of your idea. The best way you can ask about costs is by using a complicated method that compares different packages. It can be hard to ask about price. It is difficult to understand how much customers are willing to pay for your product.

Include five to eight people in a focus group. Run a few focus groups. If you compare urban and rural consumers, run two focus groups for each type of consumer. Make sure that your findings represent urban consumers. Two focus groups will reveal if there are differences among urban consumer.

A sample size of thirty can suffice for your market research. A larger sample gives you more information. Invite representative consumers. Use random sampling. Random sampling controls for more factors than other methods of sampling.

It can be difficult to find a random sample. Sometimes a non-random sample gives you all the information you need. Find a sample of experts in your field. Interview the experts. Find one person. Ask the first person to recommend a second person whom you can talk to.

If you want to run statistical tests, you need a sample with many data entries. Adjust your data collection method to the answers you seek.

Student: Do I introduce bias in my market research if I ask a friend to help me with my interviews?

Marijn van der Sluijs: Multiple interviewers can cause unacceptable bias in scientific research. In market research, the bias of multiple interviewers is less problematic. My company employs one interviewer for each language.

Results are not always comparable across countries. On a scale from one to ten, a score of seven may indicate satisfaction in one culture. A score of five might show satisfaction in another culture. You can still compare responses in one county. You can compare results over time in the same country.

If respondents fill out the questionnaire, your questions need to be clear. If you interview someone, you can always clarify the question. How will you get in touch with your customers?

Student: I will contact pensioner organizations. I will reach out to care companies. I can ask these organizations to spread information about my market research. I will provide my contact information so that individuals can contact me.

Marijn van der Sluijs: Find out where your potential customers meet. Sign up for these meetings. Contact professionals who represent older people. Talk to the representatives. Gather a group of customers. Let your customers describe the problems they foresee. It is easier for your customers to anticipate difficulties. Record the answers. Improve your product.

Good luck with your market research!

**About Marijn van der Sluijs:**

Marijn van der Sluijs holds a Master's in Business Administration, with a specialization in research and marketing. As project manager at Opticom, Mr. van der Sluijs is responsible for client communication and for research. During a research project, Mr. van der Sluijs is responsible for the design and the planning, the choice of research method, and the target groups. He designs questionnaires, manages fieldwork staff, and presents research results. Opticom is involved in the results implementation process through workshops and strategic planning.

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About Opticom:

Opticom is a leading global consultancy firm. Opticom conducts research in a range of areas. The company was founded in 1987. The work of Opticom stretches across numerous countries. Its mission is to improve the results of their customers. Opticom focuses on strategic advice. The company uses data to formulate action plans for its customers. It aims to deliver value and to improve the return on investment for its clients.

Mats Kyllenius, Accountant, Kyllenius

This is a summary of the remarks made by Mats Kyllenius and members of the audience.

Title of Talk: Accounting for Startups

Mats Kyllenius: I will talk about bookkeeping, accounting, and business structures. I will also talk about mandatory taxation as well as how financial planning and taxes affect a small business. Does anyone in the audience have a registered company?

Student: I do.

Mats Kyllenius: Ok. One of you runs a company, and you all have business ideas. I will start by talking about different business structures.

A sole trader is one form of business structure for a single individual who runs a company. A media consultant who produces websites can, for example, register as a sole trader. Normally, it can be a good idea to register as a sole trader if you have a small business generating revenues to cover the salary of one person. You need no share capital as a sole trader.

Student: Can sole traders hire staff?

Mats Kyllenius: Sole traders can hire employees. However, it is more common to register a limited company (aktiebolag) when you plan on hiring staff. This is due to additional potential economic risks when responsible for staff in your business. If your risks and your profits increase, another type of business structure serves you better.

One big advantage of being a sole trader is the lighter administrative burden. Sole traders avoid the extended reporting as when running a limited company. Sole traders carry personal liability for all payments of the company. Typically, sole traders change the business structure as they grow.

A trading company (handelsbolag) is similar to a sole trader. A trading company is a partnership. The partners carry solitary personal responsibility for investments and liabilities in a trading firm. The owners of a limited liability partnership (aktiebolag) usually only risk their capital investment. If you foresee large profits, it could be wise to register as a limited liability partnership.

Student: Do we levy a higher tax on trading companies than on limited liability partnerships?

Mats Kyllenius: Usually, yes. There are also more options, from a tax perspective, to plan in a limited liability company. Sweden taxes trading companies and limited liability partnerships in different ways. In limited liability partnerships, the salary is deducted from the profits and taxed as income for the employees, including employed owners. Trading companies also pay taxes on

profits. Usually, only salaries for employees, not including employed owners, are deducted before profits. This is one of the differences of taxation in trading companies and limited liability partnerships.

If you plan to run a large company, often the best choice to start a limited liability company. The definition here of a larger company is if you employ people, sign agreements for offices, and have an extensive inventory. You need fifty thousand kronor (approximately seven thousand US dollars) in share capital if you set up a company with limited liability. This capital will protect your stakeholders, such as your suppliers.

Entrepreneurs with low risk ideas can set up sole trader firms. If you attract many customers, you can later change your firm into a limited liability company.

Since you usually risk only your invested capital with limited liability, you can assume more risk. With limited personal liability, you can structure taxes in more ways compared to sole traders. This can give limited liability companies lower taxes. Limited liability partnerships require more administration than sole trader firms. If you fail, it requires more administration and costs to unregister a firm with limited liability.

Student: Can I convert my sole trader firm into a limited liability company?

Mats Kyllenius: Yes. In this case, you basically unregister as a sole trader and register a limited liability company. The assets in the sole trader firm are then be transferred to your new company.

It can take about up to six weeks to register your company. You register your company at the Company Registration Office, and you notify the Taxation Authority regarding value added tax and if you are planning to have employees.

When asked by the Taxation Authority, you must show parts of your accounting or your complete accounting. Accounting is not only for the governmental agencies. Accounting will increase the confidence of your investors. Bookkeeping will also help you run your business. Bookkeeping helps you gain control of the performance of your firm. Your bookkeeping will show you if you spend too much money. It will help you focus on the right things and make sound business decisions. Your accounting reveals how much tax you owe. Your customers and investors are interested in your financial stability.

You detail all business transactions in your bookkeeping. Someone who lacks an understanding of your business must be able to follow your bookkeeping. You should verify each business transaction. Use a receipt or an invoice or other document for other types of transactions. Make a note of your business transactions in chronological order. Make it easy for the authorities and yourself to follow your bookkeeping. Record purchases, outlays, and invoices.

Your bookkeeping is different from your cash flow. Bookkeeping is, among other things, a record of what you buy and of what you sell. Your bookkeeping should capture changes in assets and in liabilities. Make notes of transfers between bank accounts and deposits. You should include payments of salaries, purchases of services, and purchases of fixed assets.

Accounting summarizes your bookkeeping. There are four main types of financial reports. There is the balance sheet, the income statement, the master ledger, and the list of verifications. The income statement shows your revenue, your costs, and your profits. The balance sheet shows your assets and liabilities. The master ledger shows all business transactions. The list of verifications details every transaction.

You use various financial reports in accounting. You do external accounting for taxation purposes and other reports to the government. You complete internal accounting so that you can analyze the performance of your firm.

Small companies usually focus on external accounting to make sure they fulfill all legal accounting requirements and focus less on internal accounting. Entrepreneurs often consider that they can keep track of business transactions in their heads. As your firm grows, if you haven't done it before, I recommend that you start with more detailed internal accounting. You cannot keep up with every business transaction if your business grows.

Student: Do small companies submit financial reports to an external auditor?

Mats Kyllenius: An auditor is a licensed professional who verifies your bookkeeping. The external auditor acts as a protector of shareholders and other stakeholders. The auditor verifies your bookkeeping. Small companies in Sweden are not obliged to use an external auditor.

Sole trader firms and trading companies (handelsbolag) usually are exempt from external auditors. Limited liability firms that meet two or more of the following criteria during the two latest financial years need to have an external auditor: more than three employees (on average), more than 1.5 million Swedish kronor (around two hundred thousand US dollars) in total assets, and more than three million Swedish kronor (around four hundred thousand US dollars) in net sales. In some European countries, the threshold is higher.

I will describe the four most common financial reports. The income statement details your revenue, your costs, and your profits for one period. The balance sheet shows your assets and your liabilities at a certain point in time.

You can use Excel when calculating, but it is mandatory that the bookkeeping is done by using professional bookkeeping software or manually on paper. The software also simplifies and makes the bookkeeping more efficient by tracking depreciation of your inventories more easily.

The best way to learn bookkeeping is often to start manually before you use any software. Use a pen and a paper. It is more difficult to understand your mistakes in a complicated software program.

Student: Do you show depreciation on the balance sheet?

Mats Kyllenius: You show depreciation of inventories on the balance sheet and on the income statement.

It is important that the balance on your bank account matches the sum in the corresponding account (for bank account) in your bookkeeping.

Most companies need to register for value added tax. If you buy cinnamon rolls for a company meeting, you record the cinnamon rolls as a cost on your income statement. A fraction of the cost of the cinnamon roll is value added tax. The value added tax should then be recorded as an asset on your balance sheet. The government will later refund the value added tax.

If you send an invoice in January, you record the amount on the invoice as an income in January. You record the invoice as an income in January even though your customer pays you in February. If you make a purchase in January and pay in February, you record the purchase as a cost in January. The exception to this is if you use a simplified accounting method (bokslutsmetoden) that can be used for smaller business.

Keep track of what you buy. Receipts may not detail every item. You cannot deduct value added tax if it is not possible from the receipt or invoice to state what you have bought. Your credit card statement will not list in detail what you have bought and the value added tax (if applicable).

Student: Should we save receipts and make a note of what we buy?

Mats Kyllenius: Yes. Save your receipts. Write down what you purchase if you want additional information for the bookkeeping to state what you have bought or other relevant notes concerning the business transaction.

You need to report total taxation, value added tax, payroll taxes, and local taxes to the Taxation Authority. You send your annual financial report to the Company Registration Authority if your company is an entity with limited liability. There are some exceptions for larger enterprises with other company forms.

Student: Does a sole trader pay payroll taxes?

Mats Kyllenius: When running your business as a sole trader and you don't have any employees, you are taxed on the profit that you make. Payroll taxes for your income are your

profits when you have no employees. Payroll taxes are most times higher than taxes on capital gains.

When registering for value added tax, which is mandatory for most businesses, you add value added tax to the price of a product. When you write an invoice, you state the price of the product. You add the value added tax to the price. If you sell a product for ten thousand kronor (about 1,400 US dollars), you add twenty five percent to the price as value added tax in Sweden. There are exceptions when the value added tax is lower, for example, for the travel industry. Your customer will pay 12,500 Swedish kronor (about 1,800 US dollars) for the product. Later, when you declare value added tax, you transfer 2,500 Swedish kronor (about 360 US dollars) to the government.

Companies registered for value added tax treat value added tax on costs in the reverse way. When your company pays an invoice of 12,500 Swedish kronor (about 1,800 US dollars), your company obtains a return. The value added tax return is 2,500 Swedish kronor (about 360 US dollars). Later, when you declare value added tax, you obtain the return from the government. Individuals cannot deduct value added tax.

Student: When does the government refund value added taxation?

Mats Kyllenius: Small companies can choose to have the value added tax refunded monthly, quarterly, or annually. Large companies must declare value added taxes monthly. If you make large investments at the beginning of the year, it could be wise to choose to declare value added tax monthly or quarterly. You need to wait a long time for your refund otherwise.

The standard value added tax is twenty five percent in Sweden. There is no value added tax on medical services. Look carefully at the definitions set forth by the Taxation Authority. The value added tax on books is six percent. The value added tax on food is twelve percent. Check how much value added tax you need to pay, depending on your business.

You declare at the end of the period how much value added tax you owe the government. You calculate how much value added tax the government owes you. The difference is your refund or what you need to pay. Remember that as self employed, you are responsible to declare and pay all your taxes yourself. This differs from when you are employed. Keep track of the reporting dates in your calendar. Make sure that you complete your reporting on time.

Remember to document all your expenses. Save receipts from your business trips. If you have expenses relating to a meeting, write down the purpose of the meeting and who attended. It is preferable to make some notes of what you discussed in case of questions from the Taxation Authority, regarding relevance.

If your meetings are to market the company or to improve customer relations, you can usually deduct your expenses. You cannot deduct costs if you meet a friend for coffee.

Save your documentation. Create a folder for all your documents. Save every document in the folder. File the documents in chronological order. If you travel, make sure you keep track of your documentation. It is easy to lose paperwork when you travel. Keep a copy of your paperwork in the cloud. Use software to keep track of your expenses.⁴

You can sort your expenses so that they correspond to your bank statement. If you work from home more than eight hundred hours a year, you can deduct up to four thousand Swedish kronor (570 US dollars), depending on your type of housing.

Student: How do I deduct an item?

Mats Kyllenius: You deduct an expense from your profits. You deduct the expense in the bookkeeping and on your income tax return.

Student: Does my home insurance protect me if I work from home?

Mats Kyllenius: Your home insurance covers what is related to you as a person and your home, depending on type of insurance. The home insurance will not cover the replacement of a broken company laptop.

I wish you every success in the future. Thank you for listening!



About Mats Kyllenius:

Mats Kyllenius helps companies with finance, accounting, and reporting. He has experience working with both small and large enterprises. Some clients hire Mr. Kyllenius for their entire business administration, taxation, and reporting and some for specific projects and counseling. Mr. Kyllenius holds a Bachelor's degree in administration and economics from Stockholm University and an Executive MBA from the Stockholm School of Economics. He has founded and managed several companies within consulting, economics, and information technology. His current company offers services and software for higher performance within communications and decision making for companies and organizations.

⁴ Software programs, such as Evernote, help you keep track of your expenses

Sebastian Stjern, Social Entrepreneur, Business Coach and Lecturer, Center for Social Entrepreneurship

This is a summary of the remarks made by Sebastian Stjern and members of the audience.

Title of Talk: To Create Sustainable Business Models, to Market Without a Budget, and to Find Innovative Solutions to Community Problems

Sebastian Stjern: I studied engineering. I have worked at Saab and at Volvo. I changed careers in 2008. I run a fair trade shirt company. I produce shirts in Nepal. I will talk about my company.

Student: What kind of organization did you work with in Nepal?

Sebastian Stjern: I started a company. I worked with a nonprofit organization in Nepal. The company produced and shipped the shirts. I wanted to help social entrepreneurs to understand financial sustainability.

I have no financial stake in their companies. I work at the Center for Social Entrepreneurship in Stockholm. I also work at the University of Stockholm. I help researchers and students to establish companies. I assist with licensing.

I want to play a game with you. Can someone explain the game “The Price is Right”?

Student: The goal is to guess the price of a product. The person with the best guess advances to the next round.

Sebastian Stjern: What is the price of an Apple iPhone 5X, with sixteen gigabytes of memory. The Apple iPhone 5X has no prepaid calling plan.

Student: Nine hundred dollars.

Student: Eight hundred dollars.

Student: 740 dollars.

Sebastian Stjern: Some of you you were close. What is the price of a Volvo XC90?

Student: Thirty six thousand dollars.

Student: Forty four thousand dollars.

Student: Fifty five thousand dollars.

Sebastian Stjern: The price of a Volvo XC90 is forty thousand dollars. Even if you have touched or seen a product, it is difficult to guess the price. It gets harder. What is the value of a bee that pollinates a flower?

Student: I am an environmentalist. The bee is priceless.

Sebastian Stjern: We can evaluate almost everything. Please estimate the value of a bee.

Student: Eight cents.

Student: I think a bee is worth less than eight cents.

Student: I think the value of a bee has increased lately. Think about the impact on farmers and on crops.

Student: Do you want to know the value of a bee to a beekeeper?

Student: No. I want to know the value of a bee. Bees pollinate various crops and flowers. Bees are important. A beehive can house fifty thousand bees.

Student: I think that a bee is worth two cents.

Sebastian Stjern: One bee is worth one hundred dollars.

Student: Are you referring to the queen of the beehive?

Sebastian Stjern: I refer to a working bee. A working bee is worth one hundred dollars.

Student: I am surprised.

Sebastian Stjern: Bees are becoming extinct. There are fifty percent fewer bees in the world today, compared with the number of bees a few years ago.

Student: I did not know this. Are bees endangered?

Sebastian Stjern: They might be. Pesticides harm bees. Plantation owners in China use paint brushes to pollinate crops. One bee can do the work of one thousand people.

A company that I work with transports bees to plantations. Bees pollinate almond flowers. The company transports the bees from one plantation to the next. The entrepreneurs behind Bee Urban understand the value of bees.

Student: Is it the company that sells beehives for rooftops?

Sebastian Stjern: Yes. Bee Urban sells beehives to companies. Companies integrate the beehives into their Corporate Social Responsibility strategy. Large companies gain good publicity from their beehives. How much do you think that Bee Urban charges for a beehive?

Student: Ten thousand dollars.

Student: One hundred thousand dollars.

Student: A bee is worth one hundred dollars. Each beehive holds fifty thousand bees. One beehive should sell for half a million dollars. That must be too much.

Sebastian Stjern: I like your reasoning. If a beehive were to cost one million Swedish kronor, nobody would buy beehives. Still, beehives are expensive. Bee Urban has sold forty beehives in Stockholm. It is a good business model.

It is easy to figure out the price of bread and butter. It is difficult to figure out the value of a bee. The value of a beehive to a company reflects the value of bee pollination. The value of a beehive to a company also reflects the value of positive publicity associated with owning a beehive. I will give you an example to illustrate pricing. Pricing in theory differs from pricing in reality. In theory, the price is your costs of production times two. Christian Erikson worked part time as a docker. He created a business. Dockers used heavy chains to dock the boats. Mr. Erikson exchanged the heavy chains for lighter ropes. He took inspiration for the material from seatbelts. The price per meter of a seatbelt was twelve dollars. His production cost was twelve dollars per meter. He could sell it for twenty four dollars per meter. He counted every meter and every cent. Pricing is difficult even when you count every cent. In his case, he was able to sell the ropes at a much higher meter price. Prices in the shipyard industry allowed a higher price. Adjust the price to the price level in your industry.

Think about the profits you want to make. Think about the appropriate profit level for your business. Social entrepreneurs that aim for zero profits are short sighted. You can reinvest profits in the company. You cannot reinvest dividend. Aim to make positive profits. If you sell consumer goods, your customer is your consumer. Customers and consumers can be different people. Children are the consumers of schooling. Children do not pay for school. Children are not the customer of schools. Remember this difference.

Should you market your product in the same way to your customer and to your consumer? Probably not.

My wife is a pianist. She went to music schools. There are few permanent positions for musicians. Most musicians are freelancers today. Freelancers are entrepreneurs. Few music schools offer classes in entrepreneurship. My wife convinced her music school to establish a master's class in entrepreneurship. The teacher asked my wife to pitch a pianist.

How do you market and sell a pianist? Where do you advertise a pianist? Do you put up posters at the university?

Student: No. You advertise where there is less competition. There are too many pianists at music schools. Advertise in places where people listen to music.

Sebastian Stjern: Where would that be?

Student: At other schools, at concert halls, and at production companies. You can pitch a pianist to music producers.

Sebastian Stjern: I would advertise outside this lecture hall. I would target parents. Parents buy music classes for their children. A pianist can sell private tuition.

Remember that more choices do not bring more happiness. On the website for my shirt company, you could design your own shirt. You could choose your own color, your own buttons, and your own fabric. The combinations added up to one billion different options. Do not offer your customers too many choices. What number of product choices do you believe is optimal?

Student: Around five options.

Student: Ten.

Student: I would say two or three.

Sebastian Stjern: Fewer choices make us happier. Research show that two or three options are ideal. More than three options make customers insecure. Give customers the freedom to choose. Limit their options.

Package you product in a smart way. If you sell coconut water, package it in coconuts. That will give you a competitive advantage over everyone who does not package coconut water in coconuts.

Student: Is there a company that packages coconut water in coconuts?

Sebastian Stjern: There is a company that packages coconut water in coconuts. Create a “wow factor.” Packaging can create a “wow factor.” Copy solutions from other fields. A friend of mine heads a nonprofit group that teaches mathematics to children. When my friend started his nonprofit, he looked at the most successful networks in Sweden. What organization do you think my friend looked into?

Student: Facebook.

Student: Community organizations involving parents.

Student: IKEA.

Sebastian Stjern: He copied a political party, the Sweden Democrats, and Pirate Bay. The Sweden Democrats have a neo-Nazi ideology. The Sweden Democrats are controversial. They are a successful network. My friend copied what they do well.

Conduct your own market research. Find your competitors. You always have competitors. Competitors are the people that want the same dollars that you want. Find them. Disguise yourself as a student writing a paper. Ask your competitors questions. If you sell shirts, go out and buy shirts. How does it feel to buy shirts from your competitors? Copy the best ideas. Get in contact with potential customers. How do you find potential customers?

Student: At social media sites?

Sebastian Stjern: Social media sites are a good start.

Student: Find out where your customers are. Go to the places where they are.

Sebastian Stjern: Exactly. Buy your potential customers a cup of coffee. Ask potential customers questions about your idea. Trade their knowledge for coffee. Market research will give you information in theory. You will not know how successful your product is before you start selling it.

Take orders. Tell your customers that you can deliver the product or service in a few months. Offer your customers to pay immediately or upon delivery. Apply for a loan at the bank. Show the bank that customers are placing orders. The orders will increase your chances of securing a loan.

Make a press archive on your website. Link to previous articles that journalists have written about you. This increases your credibility. It makes it easier for journalists to find information about you. Post a picture of yourself in high resolution. Journalists do not have to send a photographer if they can download a photo in high resolution from your website.

I have worked with a company called Flexi Drive. Does anyone here have a car?

Student: I drive a small Mercedes.

Sebastian Stjern: Through the Flexi Drive website, you can rent out your car. You can search for the type of car you want to rent. You send a text message to the car owner. If the car owner agrees, you can pick up the car. Car owners only drive their cars five percent of the total time in a day. We produce a lot of cars. Sharing cars will help us use resources in a better way. You turn your car into a source of revenue. You make friends.

Student: How much can I charge for my car?

Sebastian Stjern: The car owner sets the price. Typically, rental prices are below those of traditional car rentals.

Student: Is this system based on trust?

Sebastian Stjern: Trust is important. Trust is not everything. You meet the car owner when you return the keys. This gives you an incentive to take care of the car. Flexi Drive uses a new insurance solution. Car owners are insured.

Flexi Drive brought the car rental concept to Sweden. It attracted venture capital. The company does not increase overall driving. Car owners drive less when they rent out their cars. The opportunity cost of driving increases. When a car owner drives the car, he or she loses the revenue from renting out the car. When Flexi Drive launched the website, they sent out one press release. Press releases are rarely published. Journalists read the press release because the idea of Flexi Drive was novel.

Sebastian Stjern: Does anyone use Twitter? I use Twitter as a filter. If I am interested in learning about a topic, I follow that topic on Twitter.

Student: How can I follow entrepreneurs on Twitter? Can I type “#entrepreneurs”?

Sebastian Stjern: I use Twitter Client. I save searches. I look out for eCommerce news. eCommerce news is relevant to my shirt business.

“Twitter is like a cocktail party.”

Twitter is like a cocktail party. If you want to know a secret, you need to be discrete. Enter the room like a child that wants to play with other children. Observe the others. Wait. Listen to their conversations. Approach them gently. Add a comment. End your comment on Twitter with the letters RT. RT means “Please re-Tweet my comment.” If you want to spread your message this is a good strategy. With “RT” added at the end, other users spread your comment up to eight times more.

Add hashtags to your Tweets. Hashtags makes it easier for other Twitter users to find your comments. Think about how you use Facebook. Your followers do not expect you to post

updates everyday. Only post updates when you have news. When I started my shirt company I wrote Facebook updates that were unnecessary. I wrote: "Stay tuned." Few people sat in front of the computer waiting for my next update.

Student: I work in elder care. How important is it that I Tweet only about elder care?

Sebastian Stjern: You can share articles on other topics. Use different hashtags for other topics. Hashtags divide your Tweets into topics.

Do not feel that you have to cover all social media platforms. Small companies lack resources. Be active on a few social networking sites. Do not be afraid of spreading news about your company. I was afraid of talking about my idea until I realized that I had to promote my company online. Do not expect potential customers to know about your product unless you advertise it on social media sites. I worked with a company that wanted more traffic on its Facebook page. They gave away one Swedish krona for every person that liked their page. This increased traffic to eight thousand people. They donated the money to charity.

Student: How do you recommend that we come up with suitable names for our companies?

Sebastian Stjern: Pick a name now. Develop it as you go along.

Student: What about company logos?

Student: I crowdsourced my company logo. I wrote a design brief. I introduced my company. Eight thousand designers submitted a logo. I picked the winner. I gave the winner 350 Australian dollars.

Student: Many designers work for free. Is that fair?

Student: Crowdfunding design competitions are a way for young designers to develop their skills. Designers submit to many contests. Sometimes they win. I recommend the crowdfunding site 99Designs. They hold closed competitions where contestants cannot see each others' contributions. Closed competitions protect the artwork of the designers.

Sebastian Stjern: I hope that you all develop your ideas into successful companies. Thank you for the lively discussion!

**About Sebastian Stjern:**

Sebastien Stjern is a project manager and business coach at the Center for Social Entrepreneurship. He helps other social entrepreneurs. Prior to his role at the Center for Social Entrepreneurship, Mr. Stjern founded the Fair Tailor, a shirt company. The Fair Tailor combines style with fair terms for its workers. Mr. Stjern was awarded the Outstanding Young Persons Award by the Junior Chamber of Commerce. He represented Sweden in the World Final as an Outstanding Young Person. Sebastian has twice been on the Shortcuts list of Sweden's main challengers in their forties. He has also blogged about entrepreneurship for Business Week.

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Olof Hillborg, Manager, Stockholm County Council Innovation, and Christian Thunborg, Project Manager, Stockholm County Council Innovation

What follows is a summary of the remarks made by Olof Hillborg, Christian Thunborg, and members of the audience.

Title of Talk: How Innovative Products Enter the Elderly Care Sector – the Process of Public Procurement.

Olof Hillborg: I am Olof Hillborg, Manager at the Stockholm County Council Innovation Department. We work with nurses, doctors, and other healthcare professionals. We turn good ideas into marketable products. We assist companies by providing access to clinical expertise at hospitals. I will describe how medical technology products enter the market in Sweden. I will give a few examples of innovative products. Our work began in 2003 at Danderyd Hospital, where I wrote my thesis as a medical device engineer. We developed as a team inside the Stockholm County Council. We are a technology transfer organization. We listen to ideas presented by doctors and nurses.

Student: Do doctors and nurses know about your work in the County Council?

Christian Thunborg: We inform nurses and doctors of our work. Many of them are familiar with our work. One instance occurred when ambulance nurses approached us via email. They expressed a need for new oxygen masks. The design of the existing masks made it difficult to hear the patient speak. This idea led to the implementation and development of a new type of mask.

We also help companies. We perform risk analysis, support clinical studies, and offer companies access to hospitals. Our core services are to help staff and companies. We test ideas by analyzing competitors, and we study market potential. We sign privacy agreements with companies and inventors that present good ideas. We give inventors a royalty of ten to twenty percent, at the moment. The County Council maintains the right to the product in return for the costs that we carry for its development.

Student: How developed are the ideas?

Olof Hillborg: People bring us ideas at varying degrees of development. For some product ideas, we make prototypes. We apply for patents. We do clinical evaluation. We write business plans. We develop sales pitches. We bring the product to the prototyping phase. We then sell the rights of the product. Our process helps ideas from inside the hospitals to reach the market.

Christian Thunborg: We deliver a set of services to medical technology companies that are not covered by the private market. Companies vary in size. We assist with product certification.

Every medical device used in hospitals needs a CE mark. The CE mark, or formerly the EC mark, is a mandatory conformity marking for certain products sold in the European Economic Area (EEA). We pair companies that have not specified product usage with clinical experts. Companies need to determine the CE mark class for their products and what the corresponding requirements are.

Student: How much does CE marking cost?

Christian Thunborg: Costs for companies differ. If you do most of the paperwork, costs are kept low. The European Union has streamlined CE marking. CE marking covers aspects including safety and functionality. There are class one, class two, and class three CE marks. Class three includes things like pacemakers. Companies can secure a class one level of CE mark certification at relatively low costs. You can do every aspect of CE marking yourself for the lowest CE mark. Complicated products, including pacemakers, need to comply with a higher CE mark class. The process can be lengthy for complicated products. Large companies with a portfolio of profitable products struggle less during the CE marking process than do small companies. Small companies often lack the necessary expertise and resources.

We help small companies fulfill the requirements required by the CE mark. We provide support to small companies during product development by linking them to clinicians. We also use “innovation ambassadors,” who work in different wards. They are doctors or nurses that have been educated in innovation management and our work. Their role as direct linkages to the clinics is crucial to us.

Payment

Christian Thunborg: Swedish healthcare contains private and public elements. In Stockholm County, there are public hospitals, including Danderyd Hospital, where I work. St. Görans hospital is a private hospital with a government care contract. They provide care and get paid by tax money. Private clinics also exist, for example, for plastic surgery. Public funds pay for eighty percent of healthcare costs. Patient fees cover some costs too. Healthcare costs make up nine percent of the Swedish GDP.

Private hospitals are reimbursed for their services through a system called Diagnosis Related Groups. Patients are grouped according to their diagnosis. Payment from the public sector is distributed via “patient paths.” A patient that uses emergency services for a broken leg and then uses rehab follows a “path.” The state reimburses the hospital according to the patient path.

Student: Are hospitals paid more when they deliver a greater quantity of care?

Christian Thunborg: Yes. Hospitals are allowed to deliver three percent of additional services above forecasted numbers. Three percent is measured as a fraction of their entire care contract. Hospitals need to adhere to their budget. In Sweden, patients can, to some extent, choose where

they are treated. The free choice includes hip or knee surgery, childbirth, and advanced elderly care, for example.

Product Introduction

Christian Thunborg: Products can enter the private market when they have fulfilled the requirements of the CE mark.

A product marketed to public hospitals is subject to a public procurement process. When hospitals signal a need for a product, companies bid for contracts to meet that need. The hospital compares prices and products. The hospital then awards the contract. This process is, unfortunately, especially attractive for medium and large sized companies. In Sweden, public buyers make up virtually the entire market of medical technology products. In theory, this process ensures that product prices reflect market value. In practice, hospitals far too often sign contracts with the same companies repeatedly due to unduly strict and limited requirements within the procurement claims. This practice discourages innovation and the growth of smaller companies.

I recommend that small companies read the available procurement guidelines. I also recommend that companies contact the Stockholm County Council procurement team or Stockholms Läns Landsting Innovation, in Swedish. The procurement team has a mission to provide valuable assistance to everyone, including small and new companies. The Innovation Procurement Group within the County Council also guides innovative companies and their products through the public procurement process.

Student: How transparent is pricing in the public procurement processes?

Christian Thunborg: The payer first awards the contract. The payer then reveals all the bids. Competing companies cannot talk to each other during the procurement process. The payer cannot discuss pricing with companies during large procurements.

Student: Considering the complexity of public procurement, do you advise companies to target the private sector first?

Student: In the absence of demand from public hospitals, small companies have limited access to market their products in that context, so in some cases we see that it is easier to reach smaller private clinics. The public procurement process needs a reformation. Companies should be given specified ways to approach practitioners with new medical devices in a more structured way, before hospitals signal a demand.

Student: Is this a problem that you help companies overcome by introducing their product to doctors and nurses?

Christian Thunborg: Yes. We bring the product into the hospital. Companies get validation from practitioners after a test period. With validation, it is easier to win public contracts.

Student: Johnson & Johnson provides practitioners with new products for evaluation.

Christian Thunborg: Let me describe our work in more detail with an example. A Japanese company wants to sell a product called exoskeleton in Europe, but they are not CE marked for Europe. We help them with their CE marking process by connecting them with suitable clinics and by coordinating the clinical trials at Danderyd Hospital.

Student: Do you fund the clinical study and the prototype development?

Christian: No and yes. Companies always pay for our services. But we do have funding for prototype development, based on the staff's ideas, within our own product development cycle. We typically do not produce prototypes for companies because there are prototype companies in the private market that cover those needs, and we do not want to compete with them.

Christian Thunborg and Olof Hillborg: We both thank you for your interest and lively questions.

Thank you.



About Olof Hillborg:

Olof Hillborg holds a degree in engineering from the Royal Institute of Technology. He completed his senior university project in the Medical Technology Department at Danderyd Hospital in Stockholm in 2004. After the project, Mr. Hillborg founded the Innovation Department at Danderyd Hospital. This innovation team forms the core group for innovation in the Stockholm County Council.



About Christian Thunborg:

Christian Thunborg holds a degree in civil engineering from the Royal Institute of Technology. He completed his senior university project at the Danderyd Innovation Department in 2010. Subsequently, Mr. Thunborg was offered a permanent position in the department. He is responsible for the product development cycle. Mr. Thunborg works with the ideas of employees inside the County Council.

About Stockholm County Council Innovation:

Stockholm County Council Innovation was established in 2010 as the main innovation system within the Stockholm County Council. The team has a dual mission. The first task is to identify, develop, and commercialize ideas and innovations created by the staff of the Stockholm County Council. Stockholm County Council Innovation also acts as a gateway for medical technology companies and entrepreneurs that want to cooperate with the Stockholm County Council in development of their products and services. The system is unique to Sweden. County Council Innovation groups were initiated in 2003. They are now incorporated in all County Council activities. The innovation system is unique as it supports traditional research and development projects and employee ideas for new products.

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Catherine Åsklint, Project Manager, FundedByMe

The following is a summary of the remarks by Catharine Åsklint and members of the audience.

Title of talk: Crowdfunding

Catherine Åsklint: My name is Catherine Åsklint and I work at FundedByMe, a Swedish crowdfunding platform. Crowdfunding is not new. The architect of the Nordic Museum in Stockholm used crowdfunding. People who want to be part of new businesses can get involved via crowdfunding. Our model provides innovative finance for entrepreneurs. Crowdfunding is available wherever you are. You create a presentation on our website that explains your idea, your business plan, time frame and team. You express your financial goals and provide supporting documentation. Many people invest a small sum of money. We have raised four million euros for eight hundred companies and projects. We have twenty seven thousand investors and entrepreneurs.

Student: Is this funding for equity?

Catherine Åsklint: We offer reward based funding. The company gives a reward, such as a t-shirt, for funding. You can attract crowdfunding for social projects. You can offer any type of reward. We have run reward based funding campaigns since March 2011. To attract reward based funding, you don't need to establish a company. Victor Hetch creates posters. He raised over eleven thousand US dollars through crowdfunding. He creates pictogram posters with titles of songs from rock groups. The smallest reward is one poster. Different levels of funding correspond to different rewards. His goal was three thousand US dollars. Someone posted his campaign on an American website, and he received seventeen thousand likes in one day. The entrepreneur behind Flippin' Burgers raised funds through a reward based campaign. He left his consulting job at Ernst & Young to turn his interest for hamburgers into a business. The bank turned down his application for a loan. His presentation on our website attracted 185 individuals. The campaign spread to social media and to local newspapers. With a 150 Swedish

kronor donation, you will receive a three hundred kronor credit at the restaurant. Flippin' Burgers is a popular hamburger restaurant today.

Equity based crowdfunding requires a limited company because you sell shares in your company. We launched equity fundraising in 2012. Entrepreneurs with services or applications cannot always give out rewards. This inspired us to invite "the crowd" as shareholders through campaigns on our website.

Student: How do these campaigns work?

Catherine Åsklint: There are two rounds of campaigns. We test ideas in preliminary rounds (pre-rounds). If you attract funding in the preliminary round, you progress to the open round. We distinguish products and services that are ready for the market in the preliminary round. The preliminary round lasts for about one month. We only recommend that you continue to the open round if your idea attracts interest in the preliminary round. It takes between three and four months to obtain equity funding.

Student: What is the success rate in the preliminary rounds?

Catherine Åsklint: It's too early to say.

We have integrated the reward based crowdfunding with the equity crowdfunding. Reward based campaigns are successful twenty to thirty percent of the time. Marketing is important. Successful crowdfunding invites people early via social media and other news outlets. We educate our entrepreneurs around valuation. You need to provide realistic valuations to receive funding. We encourage entrepreneurs to create closed groups at social media sites. This gives them access to networks and advice. You should reach out to the crowd and seek the opinion of your investors. The money is only one benefit of crowdfunding. Crowdfunding allows you to launch your business. Other benefits include the network of your investors, and access to their expertise. As John Lennon said, "Don't sit at home. Don't work alone on your idea. Go out and talk to people. That's how the magic happens."

You also need to have a professional team. It is hard to do everything on your own. We have an international team. Our founders come from Romania and Namibia. We have a coder from the United States; an intern from Singapore; and managers from Finland, Spain, Norway, and Denmark. This is how you bring in different perspectives and ideas to your business. I want to describe two campaigns to illustrate the range of ideas and companies. Virtuous Vodka, an ecological and naturally flavored vodka, sought funds (twice, upstart and export) through FundedByMe. A Finnish children's hospital for premature babies called Beibambo did the same. Beibambo is an award winning Finnish innovation that helps hospitalized babies recover more quickly.

Student: How much did their campaigns raise?

Catherine Åsklint: Virtuous Vodka raised 170,000, and Beibambo raised 110 million Swedish kronor.

Nina Ignatius started to produce Beibambo clothes. Her daughter was born two months prematurely. Her daughter was covered in tubes and wires which made dressing her almost impossible. Millions of children and their families experience the same every day. Nina Ignatius designed user friendly clothes for hospitalized children. She raised almost fifty nine thousand euros from ninety three investors. Crowdfunding is a way to fail or succeed fast. Your products are tested and validated because the crowd gives you instantaneous feedback.

Student: How much do you charge for your services?

Catherine Åsklint: We charge six percent of the money that you raise.

Student: Where in Europe does crowdfunding work?

Catherine Åsklint: It's hard to say where crowdfunding works the best. Other crowdfunding platforms are mostly local. Few reach out across countries like we do.

Student: What can you tell us about the demographics of your investors?

Catherine Åsklint: There are different types of investors. There are traditional investors and business "angels." The new group of investors own their apartments, buy stocks, and have some money over at the end of the month. They want to get involved in something fun and meaningful.

Student: What about investors in reward based projects?

Catherine Åsklint: Reward based crowdfunding is about hip projects. Young people who like a music group will support the recording of their new CD through crowd funding. The reward might be tickets to a concert.

Student: What conditions apply if I want to invest?

Catherine Åsklint: It's up to the entrepreneur. FundedByMe is only a meeting place. We can write shareholders agreement and sales contracts.

Student: Are you a shareholder if you invest?

Catherine Åsklint: Yes. During equity campaigns you become a shareholder. During reward based campaigns, you get a reward. If you want to create longterm relationships, I recommend equity funding. In that way you gain "ambassadors" for your product, build up a network, and receive support.

Student: Can you keep the funds even if you fail to raise your target sum within the agreed time?

Catherine Åsklint: It varies across crowdfunding sites. We set minimum funding and total funding goals. A minimum funding goal is needed to be able to start a project or initiate your business. We do not set minimum goals in equity funding. It is up to the entrepreneur to decide how much funding is needed to start a meaningful project.

Student: When do you receive the money?

Catherine Åsklint: We use the payment system Paypal in reward campaigns. If you are successful, you receive the funds. Investors transfer the funds to your Paypal account. Each entrepreneur sends out payment instructions in equity campaigns.

Student: Do you primarily work with men or with women?

Catherine Åsklint: Females lead some of our most successful equity campaigns. I do not know the gender divide of investors. Ask me that question in six months, and I will give you an answer.

Catherine Åsklint: I Thank you for your participation and for your questions.

Thank you!



About Catherine Åsklint:

Catherine Åsklint is a project manager at FundedByMe. She has served on boards such as Stockholm Makerspace, Sweden United Student Unions (SFS) and the Department for College and University Service. She has studied innovation management and innovation consulting at Mälardalen University. She holds two Bachelor's degrees, in Innovation Technology and Work Life Psychology, from the same university.

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About FundedByMe:

FundedByMe is a crowdfunding portal based in Stockholm, Sweden. The company is an early entrant into the worldwide crowdfunding market. FundedByMe is active in Scandinavia, Germany, Spain, Italy, and Singapore. The company was founded in April 2011. The company also launched FundedByMe Equity, an equity crowdfunding portal, in 2012. FundedByMe connect entrepreneurs with investors. Entrepreneurs can bypass traditional venture finance channels. Business owners gain the attention and support of an extended community of stakeholders.

Other Speakers

Stephan Sigrist, PhD. Sc., Founder and Head of W.I.R.E. Web for Interdisciplinary Research and Expertise.

[W.I.R.E.](#)

Patrick Regnér, PhD, Associate Professor, Stockholm School of Economics. Professor Regnér lectured on strategic analysis, business management, and the business environment. His book “[Exploring Strategy](#)” outlines the concepts of his talk.

[Stockholm School of Economics](#)

Niclas Ihrsén, Associate, Gulliksson Law Firm. Mr. Ihrsén lectured on intellectual property law, copyrights, designs, and trademarks and patents.

Magdalena Marklund, Project Manager, Technology for the Elderly, Swedish Institute of Assistive Technology. Ms. Marklund lectured on Technology for the Elderly, a national program aimed to help the elderly and the disabled to live independently, with the help of technology.

[Teknik för Äldre](#)

Kristina Jennbert, former employee, Swedish Association of Local Authorities and Regions. Ms. Jennbert lectured on developments in elder care in Sweden. She described the work of municipalities and counties.

[Swedish Association of Local Authorities and Regions](#)

Emad Zand, Chief Executive Officer, Avesina. Mr. Zand lectured on entrepreneurship, marketing, and his business experience from the hearing aid industry.

[Avesina](#)

About the Editors



Sofia Widén, Program Manager, Sweden

Sofia Widén is working with William A. Haseltine on a study of elder care. The study compares cases of good practice in Sweden and in the United States. Previously, Sofia worked as a legislative aide to a member of the Virginia State Legislature in the United States, where she worked on education, healthcare reform, and on environmental laws. Sofia also served as a youth delegate to the United Nations in Brazil, Qatar, and in Stockholm. In this capacity, she supported a new international climate change agreement. Sofia holds a Master of Arts in Economics and Politics from the University of Edinburgh in the United Kingdom. She studied French at the Sorbonne in Paris and in Montréal, Canada. She also completed one year of studies at the Robins School of Business at the

University of Richmond in Virginia.



Stéphanie Treschow, Advisor, Sweden

Stéphanie Treschow advises our work in Sweden. She is the former country manager of ACCESS Health Sweden. Stéphanie has a background in banking and previously worked as an equity sales analyst at Citigroup in London, where she advised institutional clients on global equities. She has also worked with the private charitable foundation The World We Want, identifying and evaluating projects aimed at poverty alleviation and solutions to environmental degradation, primarily in Haiti and East Africa. Stéphanie holds a Master's of Science degree in Finance from the Stockholm School of Economics. Since she made the 180 degree turn from institutional banking to public health, she has attended a healthcare quality improvement program at the Harvard School of

Public Health. She is a keen traveler to remote places, preferably where she can participate in some of the many sports she practices.



William A. Haseltine, Chairman and President

*William A. Haseltine, PhD, has an active career in both science and business. He was a professor at Harvard Medical School and Harvard School of Public Health from 1976 to 1993, where he was founder and the chair of two academic research departments, the Division of Biochemical Pharmacology and the Division of Human Retrovirology. He is well known for his pioneering work on cancer, HIV/AIDS, and genomics. He has authored more than two hundred manuscripts in peer reviewed journals and is the author of several books, including *Affordable Excellence: The Singapore Healthcare Story*, published in 2013. He is the founder of Human Genome Sciences, Inc., and served as the chairman and CEO of the company until 2004. He is also the founder of several other successful biotechnology companies. Companies he has founded account for seven drugs currently on the market. He is chairman of the Haseltine Foundation for Science and the Arts. He serves as an advisor and board member of several innovative healthcare companies.*

William Haseltine is a member of the advisory board of the IE University, Madrid; the advisory council for the Koch Institute of MIT; a member of the advisory board of the Ragon Institute of Harvard and MIT; a member of the advisory council of the Council of Scientific and Industrial Research of India; a member of the innovation council of Reliance Industries, India; a Lifetime Governor of the New York Academy of Sciences; and a member of

the advisory board of the Health Research Institute of the "Germans Trias i Pujol" Foundation, Spain. He is a trustee of the Brookings Institution and the FXB Center for Health and Human Rights at the Harvard School of Public Health. He is a member of the advisory council on creativity and innovation of the NYU-Shanghai University, a member of the Council on Foreign Relations, a member of the board of AID for AIDS International, and a director of the International China Ageing Industry Association.



Elder and Long Term Care

An ACCESS Health International Program

ACCESS Health International works to help provide high quality, affordable care for the elderly and the chronically ill. Our method is to identify, analyze, and document best practices in managing the elderly and chronically ill patients and to consult with public and private providers to help implement new and better cost effective ways to care for this population. We also encourage entrepreneurs to create new businesses to serve the needs of this rapidly expanding population. At present, ACCESS Health works on these issues in high income countries, including Singapore, Sweden, and the United States. ACCESS Health is working to expand this work to low and middle income countries, including India and China.

ACCESS Health Sweden analyzes how specific programs and policies improve and modernize care for older adults. Because we are locally based, ACCESS Health Sweden is able to participate in the response to the aging population in the country and to identify strengths and weaknesses in the elderly care strategies of the country. We use this knowledge to discuss challenges and opportunities with Swedish national and local leaders and to inspire and guide other countries as they seek to improve care for their own people.

Learn more at www.accessh.org.