



## Stanford eCorner

### Four Key Elements of an Entrepreneurial Venture

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May 01, 2007

Video URL: <http://ecorner.stanford.edu/videos/1803/Four-Key-Elements-of-an-Entrepreneurial-Venture>

William Sahlman, professor at Harvard Business School, talks about the four key elements of an entrepreneurial venture: 1) People, 2) Opportunity, 3) Context and 4) Deal. He illustrates with the example of John Osher who developed the spin toothbrush.



#### Transcript

So over a long period of time, I've come to decide that there are only really four elements of any venture. And we've talked about them several times this morning. But one is the people. And they're a set of people, not just John Osher, but the whole team that has reassembled to work with him: there's a great intellectual property lawyer, a great design team, some marketing, finance people. And then there's the specific opportunity that they're going after. And there's a tactic, which is, "We're going to produce a battery operated toothbrush that's going to sell at this price. It's got this kind of market, it's very large." Certain characteristics of the opportunity. There's the context, the set of things outside of your control. For example, the oral care market, you don't control your competitors or how competition takes place. You don't control the legal world.

And finally, there's the deal. And deal turns out to be not just how you get money, but rather all of the deals: the deals you cut with your distribution channel, the deal you cut with your partner, the deal you cut with your employees. And we could study each of these in isolation, but the most interesting thing is: how do they relate to each other?