



INNOVATOR INSIGHTS™ ENTREPRENEUR PROFILE

SAMPLE REPORT

MARCH 27, 2016

Using This Report

This report is designed to provide probabilistic estimates of the likelihood of success or failure, and the degree of value creation, by a specific entrepreneur for a specific venture. These estimates are based on peer-reviewed scientific research on hundreds of diverse businesses and their founders. That research has found that an entrepreneur's personal innovativeness is a powerful predictor of business outcomes. However, these projections may change, sometimes dramatically, as a result of adjustments made by the entrepreneur.

If you are an entrepreneur, these projections give you a sense of the odds you face based on your personal innovativeness and the nature of your venture. So, instead of trying to beat those odds, you can take steps to make the odds more favorable. You can do that by shifting your mindset, by altering your business strategy, or both. Your Innovator Mindset® Snapshot and the accompanying interpretation guide provide personalized techniques for shifting mindset to enhance your innovativeness. The specific changes you may want to make to your business strategy will vary depending on the nature of that venture.

If you are an investor, this report provides research-based estimates of the likely business outcomes of this potential investment. These projections should be considered as one among many factors that you take into account when evaluating any individual or group of individuals who may lead an investment opportunity, and that influence that decision. This report can also be used to design an intervention that will make the odds of success more favorable, and increase value creation, by helping the entrepreneur make appropriate adjustments.

Please contact us at Innovator Mindset if you have any questions. We would be happy to discuss this report and its implications in greater detail, and explore with you what further steps might be helpful. We can also help you use multiple innovator insight reports to evaluate a leadership team.

For more information about the research behind Innovator Mindset and this report, go to www.innovatormindset.com/research

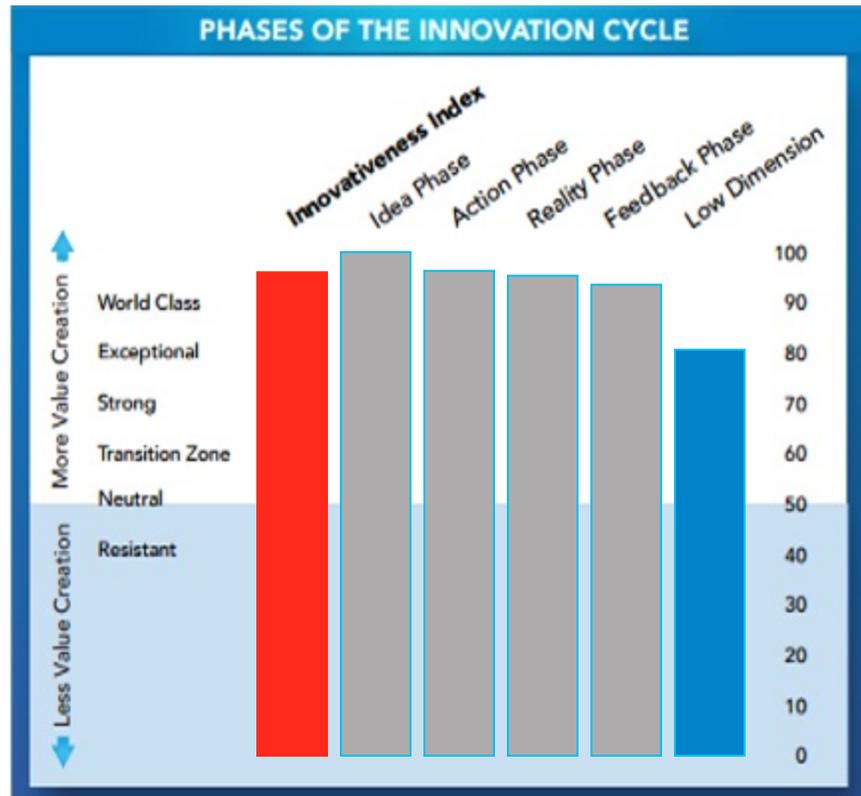
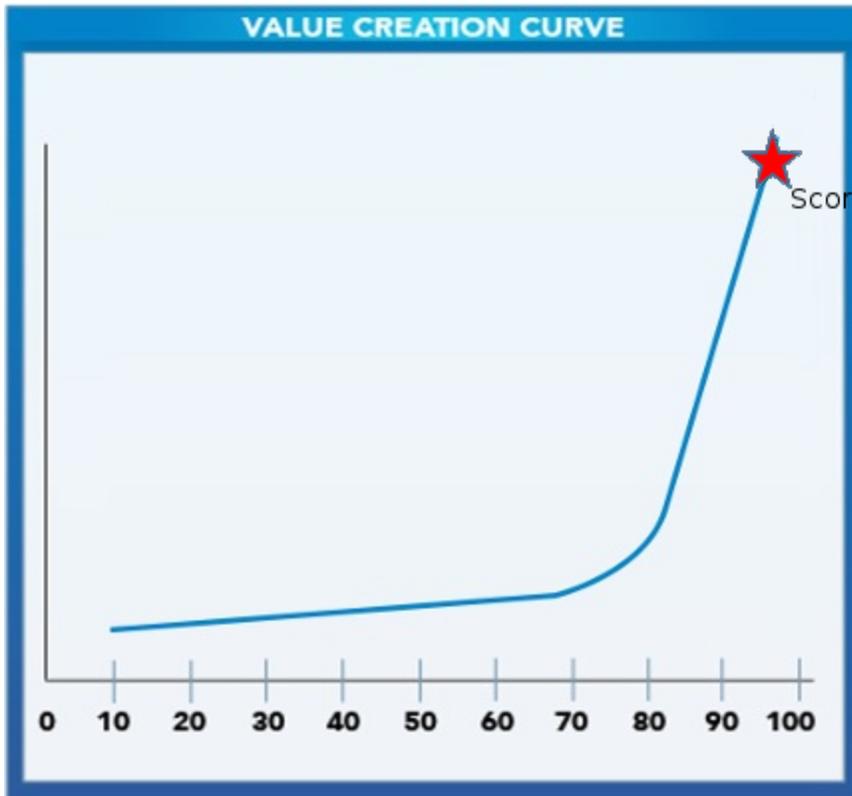
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Innovator Insights Profile DASHBOARD

ENTREPRENEUR: **Sample Report**
 VENTURE: **Demonstration, Inc.**
 DATE: **March 27, 2016**

YOUR INNOVATIVENESS INDEX **96**



Dashboard

This dashboard provides a variety of measures of this venture's likely value creation and probability of success, based on the mindset of the founder(s) and the nature of the challenge the venture poses. Rigorous scientific research has found that an entrepreneur's psychometric profile is one of the best predictors of business outcomes. As experienced investors have realized, when considering a candidate for investment the "Who" is just as important as the "What." These estimates are based on trends in empirical data gathered on hundreds of entrepreneurs in a diverse range of business types, and all degrees of innovation.

Changing Scores

These innovativeness scores tend to be stable over time, but can change dramatically with an intervention such as a workshop or personal coaching designed to enable someone to adjust their mindset to become more innovative. So promising candidates with strong business proposals can sometimes be developed into skilled innovators and any entrepreneur can benefit from greater self-awareness of what makes them an effective innovator (or that may be interfering)

These scores do not follow the traditional 90...80...70... brackets commonly used for academic grading. An Innovativeness Index score above 60 puts someone among the top 10% and a score above 70 is in the top 5%.

Innovativeness Index

This report is based on a number of metrics and algorithms and one of the most important of these is the Innovativeness Index. The Innovativeness Index combines measures of a constellation of beliefs, values and behaviors that predict how well this person innovates. That is to say how skillfully they develop new possibilities, experiment, improvise, solve problems, learn from experience, and systemically update their own thinking in order to overcome challenges and meet their objectives. Those who score high on this 100 point scale are likely to have dramatically higher revenues and profits than those who score low.

Value Creation Curve

As innovativeness increases, the change in value creation is not uniform. The higher the score, the more value creation accelerates, as shown in the Value Creation Curve. So while a score of 30 produces only slightly more value on average than a score of 20, a score of 90 produces more than twice the average value of a score of 80. Of particular interest is the Transition Zone which approximately matches scores in the 60s. This is an area of transition from minimal incremental increases in value to a dramatic upward climb. Scores in this range suggest that this is someone who is not yet a standout innovator, but is close and therefore has considerable potential to become a very high performer. People who score in this Transition Zone, are the most likely to show significant benefits from interventions.

Probabilistic Predictions

Innovation is an inherently random process and failure is always a potential outcome. So it is not possible to predict how any specific venture will fare, or rule out the success of a venture. But it is possible to assign probabilities and those probabilities shift dramatically based on a combination of factors that include the founder's innovativeness. This report applies research-based algorithms to a variety of metrics to produce three probabilistic measures 1) the likelihood that the venture will be exceptionally successful--a home run, 2) the likelihood of the venture failing, and 3) the founder(s)' level of commitment.

Elite Innovator Probability

The founder(s)' likelihood of being an elite innovator is shown along this spectrum of probabilities. In a typical professionally managed portfolio of early stage investments, only about 1 in 10 are high performers. However, this percentage has been found to be much higher among those with a high Innovativeness Index, rising as high as 30% or in some instances even 60%--a success rate previously unheard of for this kind of investment.

Failure Probability

Research has found that when the innovativeness of the founder is compared to the degree of innovation required by a particular venture, the relationship between the two predicts a changing probability of failure. As innovativeness increases relative to the innovation challenge, the

probability of failure drops. The average failure rate for the entrepreneurs studied was about 1 in 4 or 25%, a ratio that is typical of entrepreneurs generally. Yet for those who scored lowest for innovativeness when compared to their venture's innovation challenge, failures made up a much larger 50%. For those who scored highest relative to the innovation challenge, failures were a much smaller 10%. This venture's likelihood of failure is mapped along this spectrum of probabilities.

Commitment Level

This measure indicates how strongly the entrepreneur is committed to the venture. A high level of commitment does not guarantee entrepreneurial success, but without it success is unlikely. This score is an important indicator. However a strong or optimal commitment score should not be interpreted as compensating for a high failure rate or low probability of success.

This guide provides summary statistics and estimates, as an aid to entrepreneurs and investors. Innovator Mindset may be able to provide additional analysis and context, such as whether this person has taken the IM Assessment previously or undergone training in developing an Innovator Mindset. It may also be helpful to analyze the leadership team as a group. For additional assistance and insights, contact us at Info@InnovatorMindset.com.

Phases of the Innovation Cycle

The Innovation Cycle describes the full range of capabilities that Innovation and entrepreneurship require. It's broken down into four phases:

The Idea Phase is about how comfortable and skilled this person is at imagining new possibilities, such as new product idea or novel business model.

The Action Phase is about how willing he or she is to explore, experiment and test ideas.

The Reality Phase is about how someone makes unbiased observations and gathers useful information.

The Feedback Phase is about how someone learns, gain insights and makes new discoveries.

All of these Phases are important aspects of someone's tendency to innovate successfully. Separating them in this way provides a sense of this candidate's strengths and gaps.

The red bar represents the Innovativeness Index and the gray bars represent the four phases of the Innovation Cycle. The higher these bars extend, the greater the likelihood of creating value; the shorter they are, the less value creation. Scores greater than 50 indicate a tendency to innovate that can be strengthened. Scores below 50 indicate that this person may be inadvertently doing things that actively interfere with their ability to innovate.

The blue bar indicates the lowest score among the 12 dimensions that are measured. Ideally, this bar should extend above the neutral line, indicating that this person is at least minimally favoring innovation across all dimensions. These 12 dimensions are explained in more detail in the Interpretation Guide that accompanies this person's IM Snapshot, which shows all of the dimension scores. That guide also provides a variety of developmental options for improving someone's scores. You may want to review the guide and Snapshot before making an investment decision, or to help determine what kind of adjustments or intervention might be most appropriate.

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