Discovering, Developing and Trusting Your Inner Entrepreneur

Skip Walter
March 5, 2014
Hello.
My name is Skip and I’m a *rerecovering* entrepreneur.

*Response:*

Hello Skip, welcome to the irregular meeting of 12 Steps to Entrepreneurs Anonymous at the Institute of Design.
Entrepreneur’s Anonymous Serenity Prayer

God grant me the **serenity** to accept only the term sheet conditions for the seed rounds that I can live with; the **courage** to change my understanding of what the customer truly wants; and the **wisdom** to know the difference between what is right and what the VCs, the board and the bankers want.
Developing Professional Capability
Skip Walter Journey

1970s
Making technologies and products

1980s
Creating markets - industry verticals & geographies

1990s
Developing Executive Skills

2000s
Creating a successful company - Attenex

2010s
Fueling a local economy - paying it forward

Costs
Profits
Revenues
Valuation
Jobs
Team FroggyCut
Technovation Challenge
Experience First

Make Meaning Second
Strategic Networking Exercise
Towards the end of grad school, I learned a key lesson about academia. I was discussing a draft of a dissertation chapter with my second reader. Although not my adviser, her work was critical for the arguments that I was building about psychological trauma and technology. Toward the end of the conversation, she said something to the effect of, “You know, this chapter could really use more Heidegger.” Inside, my heart sunk a bit. “Great,” I
“If you were to ask me, from all the world polling Gallup has done for more than 75 years, what would fix the world — what would suddenly create worldwide peace, global wellbeing, and the next extraordinary advancements in human development, I would say the immediate appearance of 1.8 billion jobs — formal jobs. Nothing would change the current state of humankind more.”
According to the U.S. Small Business Administration, since the mid-1990s, small businesses generally have created 60 to 80 percent of the net new employment in the United States. Further, they found that net job creation in the immediate years following the 1990-1991 and 2001 recessions stemmed from employment generated by small firms with fewer than 500 employees.

“Some analysts project that in the United States, the ranks of these independent entrepreneurs may grow by sixty-five million in the rest of the decade and could become a majority of the American workforce by 2020. One reason is the influence of the eighteen-to-thirty-four-year-old generation as it takes a more prominent economic role.
Research Questions

• Can you teach entrepreneurs anything?
  • Or are entrepreneurs capable of learning anything?

• Do startup accelerators accelerate anything?

• Why is all the good talent and corporate money going to Silicon Valley?
“Culture hides much more than it reveals, and strangely enough what it hides, it hides most effectively from its own participants.

“Years of study have convinced me that the real job is not to understand foreign culture but to understand our own.

“I am also convinced that all that one ever gets from studying foreign culture is a token understanding.”
Startup Ecosystem - Seattle
The V.A.G.U.E.² Lens - Enrique Godreau

Venture Capitalists
- Voyager Capital
- Madrona Venture Group
- 500 Startups

Angel Investors
- Alliance of Angels
- Keiretsu Forum
- Zino Society

Entrepreneurs
- Founder Institute
- Meetup

Government – State & Local
- StartupSeattle (Office of Economic Development)
- SBIR/STTR
- Washington Technology Industry Association

Enterprises - Corporate
- Microsoft
- Google

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A Glimpse of Three Startup Ecosystems
Silicon Valley, Seattle, Durham
Microsoft Ventures

Accelerators

For promising early-stage startups or first-time entrepreneurs, Accelerators are immersive programs aimed at squeezing the countdown to launch. For anywhere from 3 to 6 months, you'll get strong mentoring, technical guidance and connections to other startups. Accelerators are already in action around the world: Bangalore, Beijing, Berlin, London, Paris and Tel Aviv. In addition, we have Microsoft Ventures offices in Moscow, Rio de Janeiro and Seattle (HQ).
Durham, NC Ecosystem
Silicon Valley Ecosystem

Orange Fab

Want to Build the Next Next Big Thing?
The Four New Venture Developments
A Resource and Skills View

- Product Development
- Talent Development
- Audience & Customer Development
- Investor Development

Design (HCD) Desirability
Demand
Viability
Lean Canvas Business Model
Capability
New Venture Resources

- Product Development
- Investor Development
- Audience & Customer Development
- Talent Development

Books:
1. *Running Lean* by Ash Maurya
2. *The New Industrial Revolution* by Chris Anderson
3. *To Sell is Human* by Daniel H. Pink
4. *Agile Product Management with Scrum* by Roman Pichler

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*Managing Yourself*

*The Idea in Practice*

*Venture Capital, Private Equity & the Financing of Entrepreneurship* by Jane Erickson, Mike Leopold, Felicia Masters
Entrepreneur's Journey

- INSPIRE/CELEBRATE: You've got some passion & ideas
- DISCOVERY: You want to be an Entrepreneur
- ACTION: You have a solid team with some good ideas
- STARTUP: You have a stable business model
- SCALE: You are taking over the world
- FT500: You are taking over the world

The single largest source of new Entrepreneurs in the world.

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Causal vs Effectual Thinking
Saras Sarasvathy

Causal

Effectual

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Is the new black!
Key Roles within a New Venture

Hacker, Hustler, Designer

Dave McClure On 500 Startups: "If Sequoia Is The Yankees, We're The Oakland A's"

Hacker, Hustler, Designer
Key Roles within a New Venture

- Designer (UX)
- Visionary (Hustler)
- Architect (Hacker)
- Lead Customer (Growth Partner)

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Focus Research Question?
Importance of Advice

Figure 17:
Importance of Advice/Assistance Provided by Company Investors (all responses)

- Extremely important: 4%
- Very important: 10%
- Important: 15%
- Slightly important: 21%
- Not at all important: 30%
- N/A: 19%

From *Making of an Entrepreneur*

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Mentoring - avoiding the mentor seagull
- Hi I’m here to help
“Kingfish, where’d you get your good judgment?’
‘And Kingfish says, ‘From my experience.’
“And where’d you get your experience from?’
“And Kingfish says, ‘From bad judgment.’”
Evaluating a Startup Venture
Michael Cusumano

- 5% of Startups Succeed
- <1% go public
- Living MIT Alumni created
  - 26,000 active firms
  - 3.3 million employees
  - $2 trillion
Evaluating a Startup Venture
Michael Cusumano

1. Strong Management Team
2. Attractive Market
3. Compelling New Product or Service
4. Strong Evidence of Customer Interest
5. Overcoming the Credibility Gap
6. Demonstrating Early Growth and Potential Profit
7. Flexibility in Strategy and Technology
8. Potential for a Large Investor Payoff
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**Kleiner Perkins** knows that of the Big Four risks that ventures face—technology, team, finances, and **demand**—**demand is the toughest**, and they conduct themselves accordingly. They don’t focus on companies, but on market sectors, looking for big break points that will lead to major new explosions of demand. They first looked for those break points in semiconductors, later in the Internet, and today in energy and water.
How can you grow your business?

You cannot.

You can only grow someone else's business. His business growth will be the source of your growth. By growing, he will force growth back upon you because he will want you to grow him again.

The businesses you can grow have a name. They are called your major customers. Their growth must be the objective of your business. The capabilities you require to grow them must be your asset base.

_Growth requires a partner._ A growth partner is a special kind of customer. He is a customer whose costs you can significantly reduce or whose profitable sales volume you can significantly increase. In one or both of these ways, you can improve his profits. This is the basis for his growth. It is also the basis for his contribution to your own growth. As the two of you grow each other, you will become mutually indispensable.

If you cannot grow a customer, you cannot partner him. You can continue to do business with him, buying and selling, but the maximized profits of growth will elude both of you. If all your customers are buyers instead of growers, you will be a slow-growth or no-growth business. None of your customers will be growing you because you will not be growing them.
Sketch Summary of Talk
Courtesy of Stefani Bachetti
Discovering, Developing and Trusting Your Inner Entrepreneur

Questions?

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