

Discovering, Developing and Trusting Your Inner Entrepreneur

Skip Walter
March 5, 2014

Hello.
My name is Skip and
I'm a *recovering*
entrepreneur.

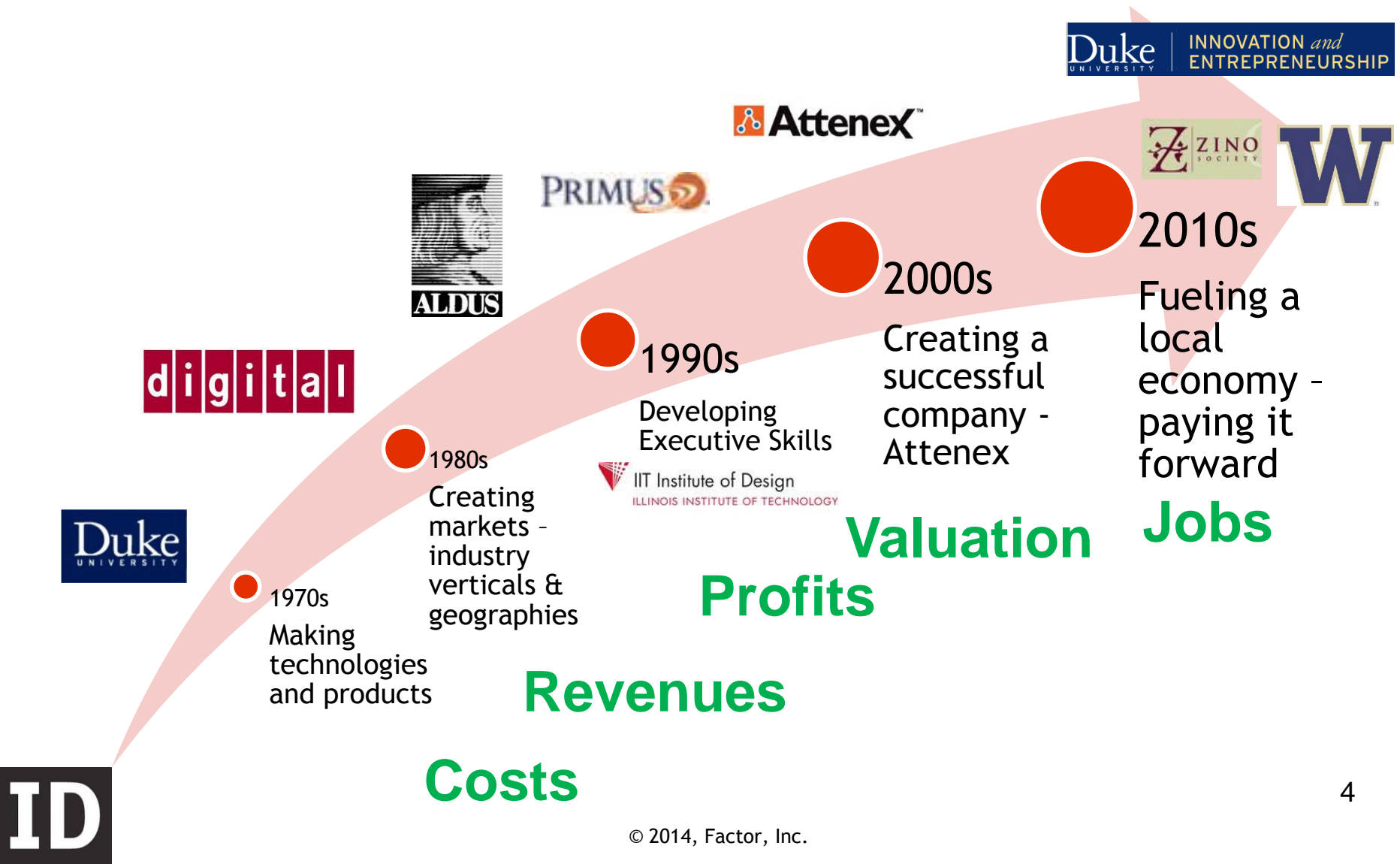
Response:

Hello Skip, welcome to the
irregular meeting of 12 Steps to
Entrepreneurs Anonymous at the
Institute of Design.

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



Team FroggyCut Technovation Challenge



Experience First
Make Meaning Second

Strategic Networking Exercise



THE CHRONICLE OF HIGHER EDUCATION

[Blogs](#)**ProfHacker**

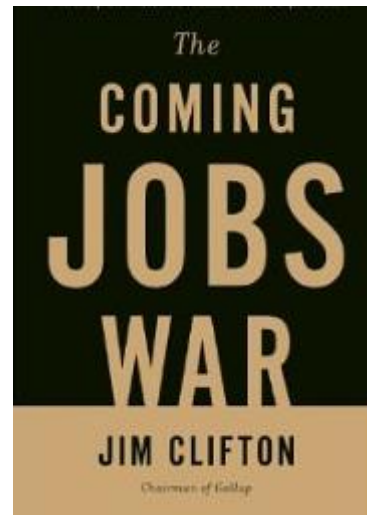
Teaching, tech, and productivity.

May 2, 2013 by [Brian Croxall](#)[Comments \(15\)](#)

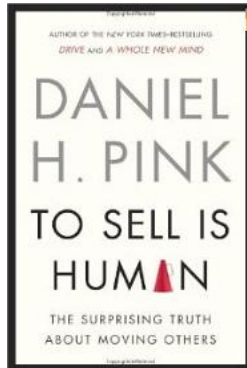
Mentoring is a Fantasy



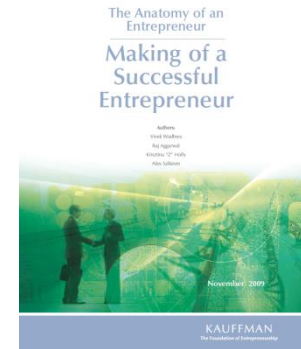
Towards the end of grad school, I learned a key lesson about academia. I was discussing a draft of a dissertation chapter with my second reader. Although not my adviser, her work was critical for the arguments that I was building about psychological trauma and technology. Toward the end of the conversation, 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.”



“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.



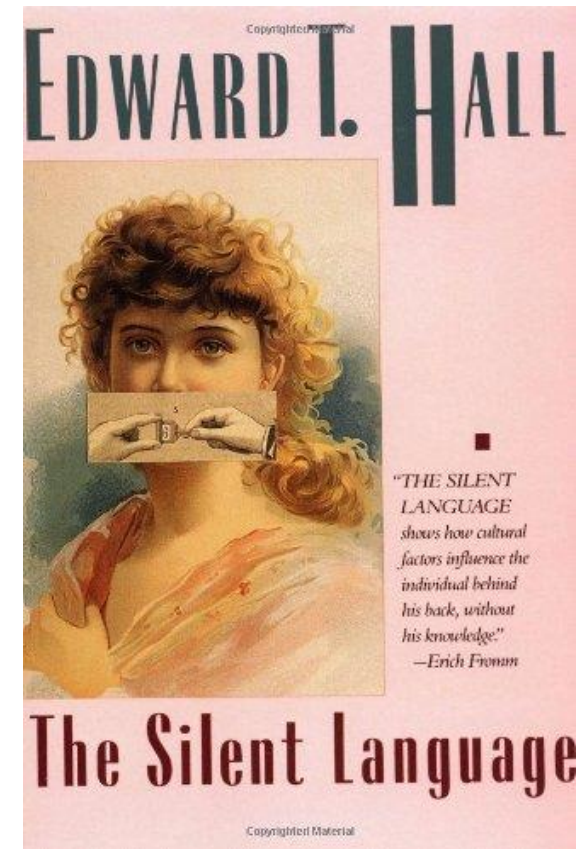
According to the U.S. Small Business Administration, since the mid-1990s, **small businesses generally have created 60 to 80 percent of the net new employment** in the United States. Further, they found that net job creation in the immediate years following the 1990-1991 and 2001 recessions stemmed from employment generated by small firms with fewer than 500 employees.

- 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.”



Venture Capitalists



Angel Investors



Government – State & Local



Universities



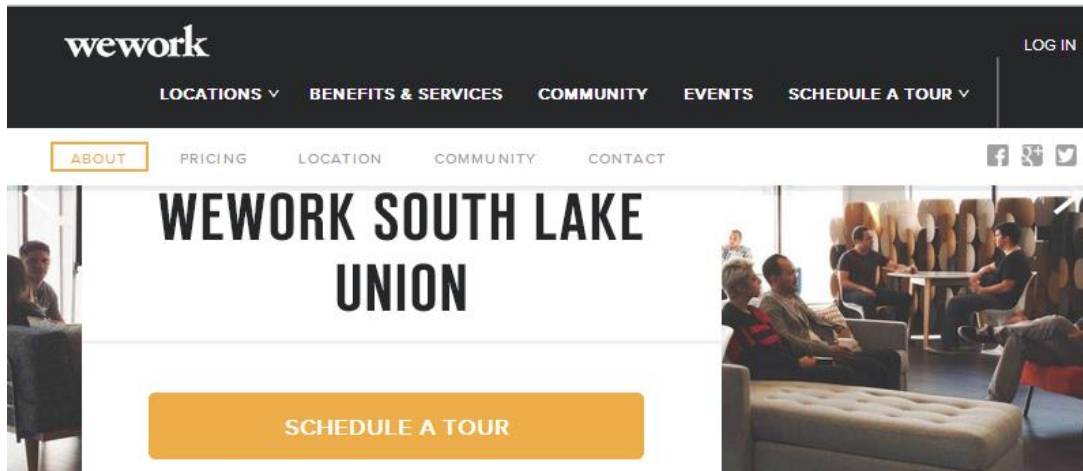
Entrepreneurs

Enterprises - Corporate Strategic Investors



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

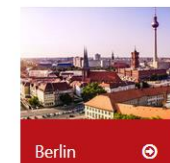




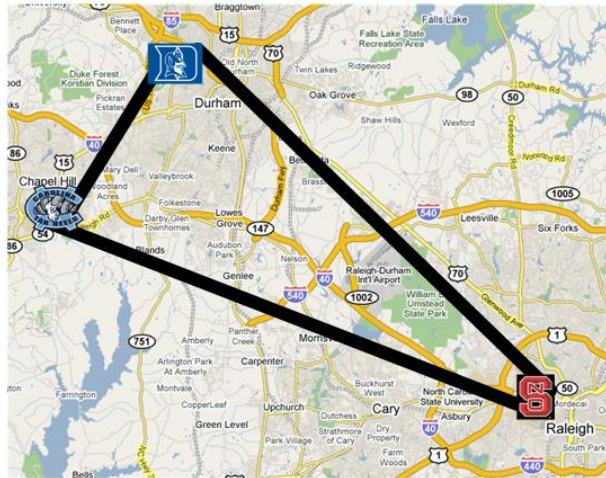
Microsoft Ventures

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



CITRIX
StartupAccelerator
The Enterprise Accelerator

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What We Do.

Open Innovation

Samsung
ACCELERATOR >> [ABOUT](#) | [TEAM](#) | [EVENTS](#) | [JOBS](#) | [PRESS](#) | [FAQ](#)

**WANT TO BUILD THE NEXT
NEXT BIG THING?**

Orange Fab

Menu

Orange Fab USA
in San Francisco



access Orange's distribution channels,
markets, executive expertise and global footprint

applications open March 3rd

12
weeks
with us in downtown

2
demo days
1 in Paris &
1 in Silicon Valley

up to
\$20K
in funding

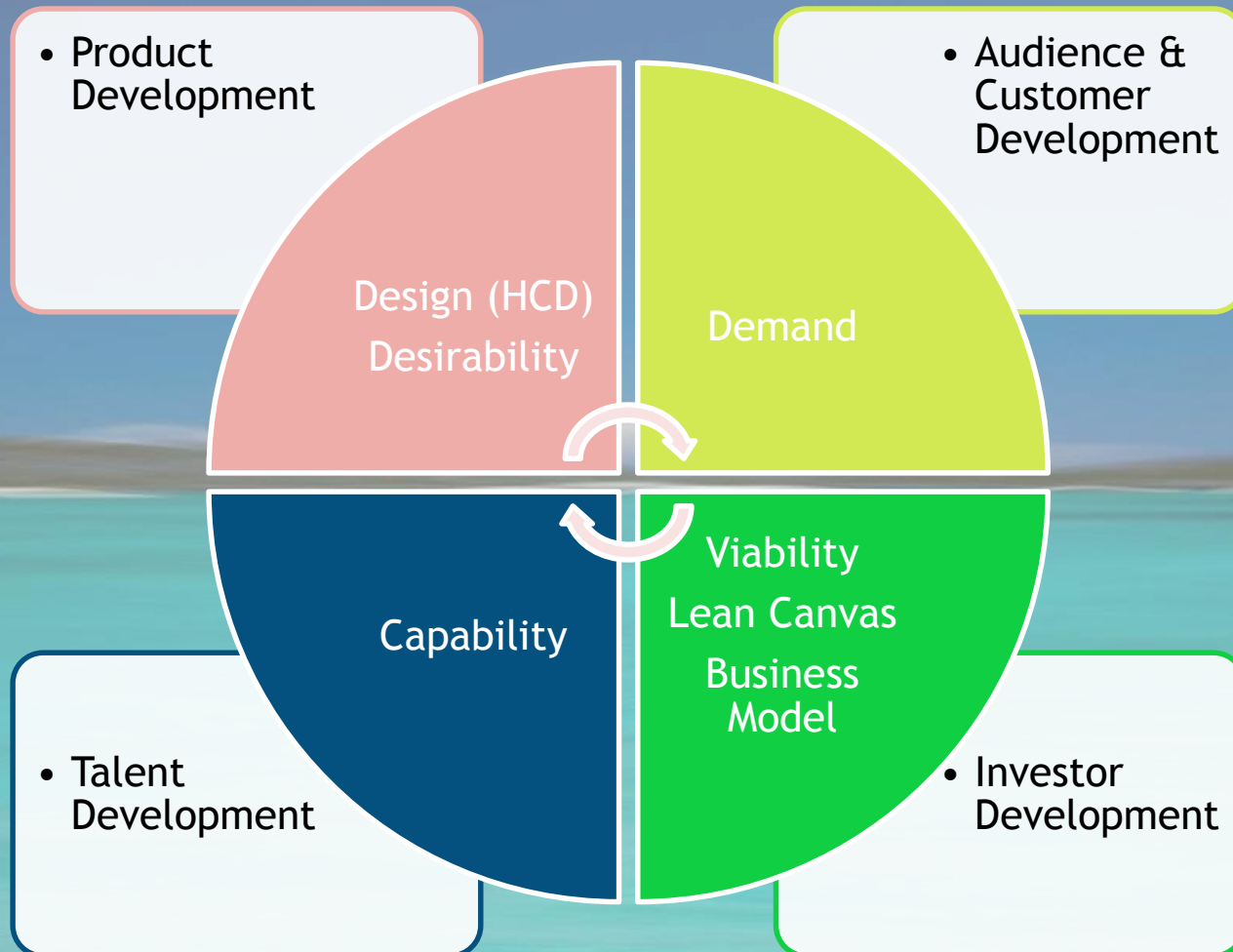
benefit from the
expertise of execs in
32
countries

40+
engineers and
business analysts
on-site (at OGV)

20+
events, workshops,
and lectures with our
fabulous SV mentors



The Four New Venture Developments A Resource and Skills View

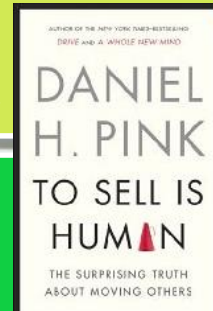
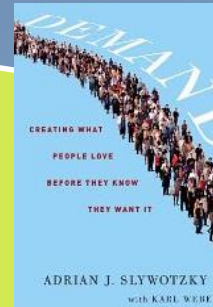


- Product Development

- Audience & Customer Development

- Talent Development

- Investor Development



MANAGING YOURSELF

How Leaders Create and Use Networks

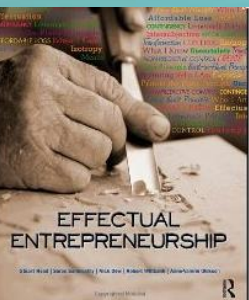
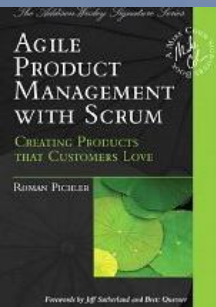
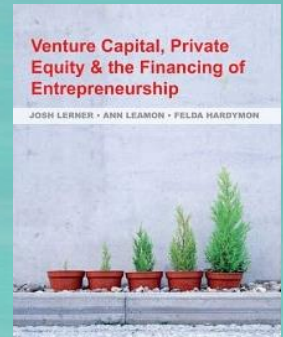
The Idea in Practice

The most effective leaders understand the differences among the three types of networks and how to build them.

	Operational network	Personal network	Strategic network
Network's purpose	Getting work done efficiently	Develop professional skills through coaching and mentoring; exchange important referrals and needed outside information.	Figure out future priorities and challenges; get stakeholder support for them.

Venture Capital, Private Equity & the Financing of Entrepreneurship

JOSH LERNER • ANN LEAMON • FELDA HARDYSON



- Product Development



- Audience & Customer Development

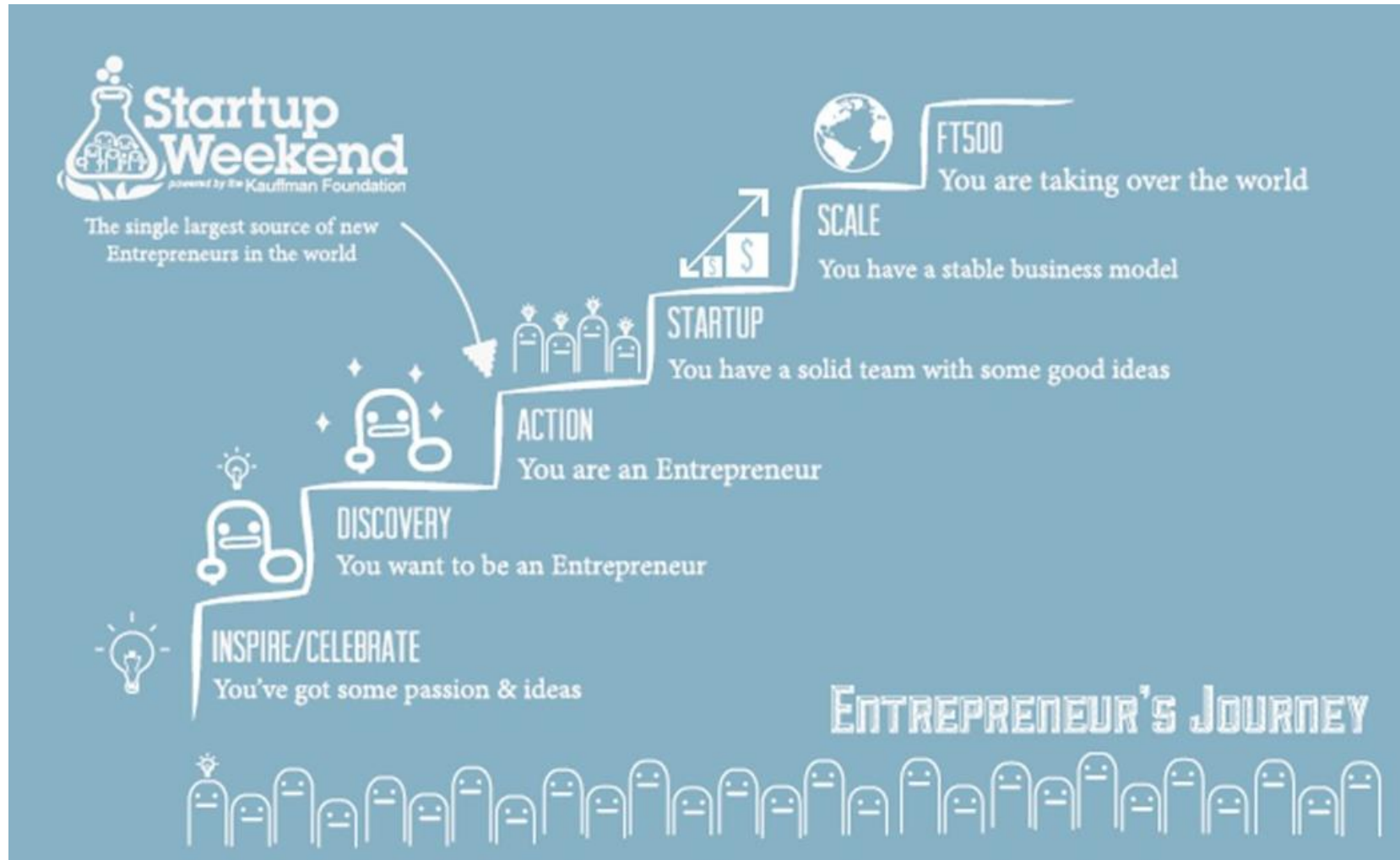


- Talent Development



- Investor Development

Entrepreneur's Journey



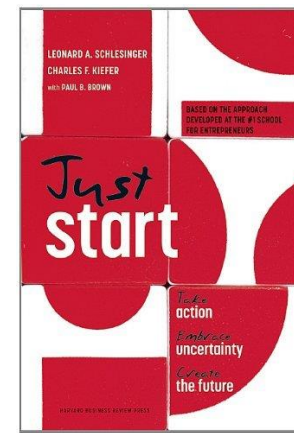
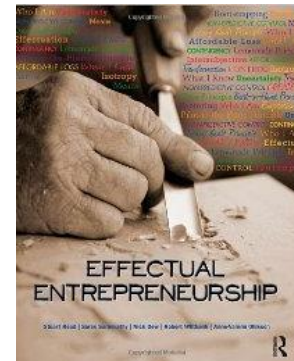
Causal vs Effectual Thinking

Saras Sarasvathy

Causal

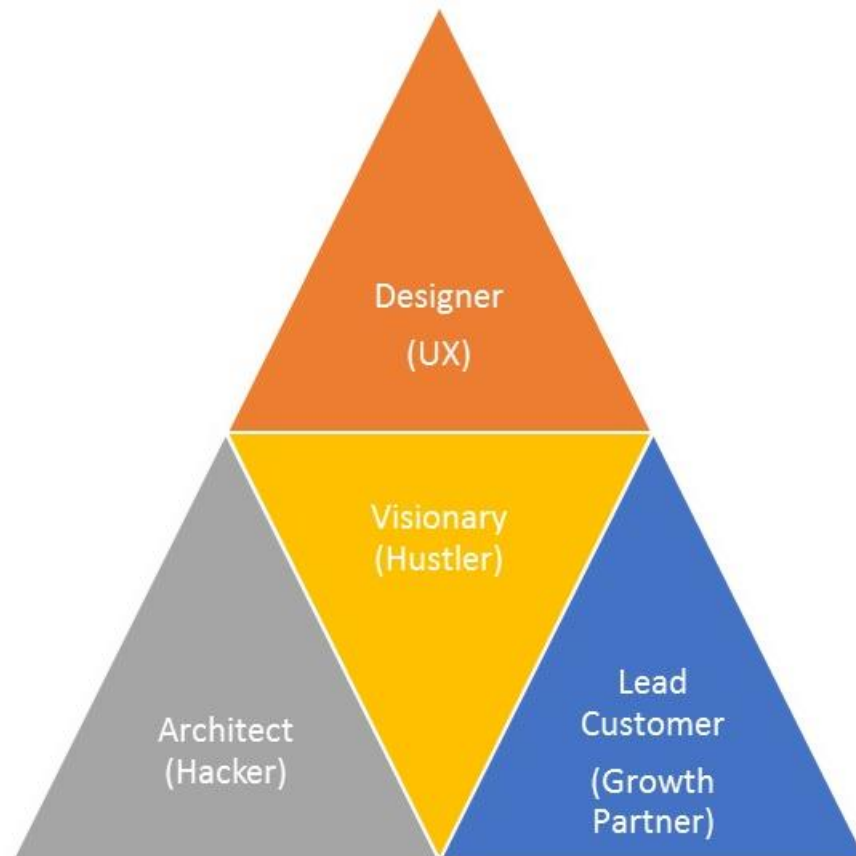


Effectual



Find. Copy. Paste. Tweak.
Is the new black!





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

Posted Apr 10, 2011 by [Alexia Tsotsis \(@alexia\)](#)

15

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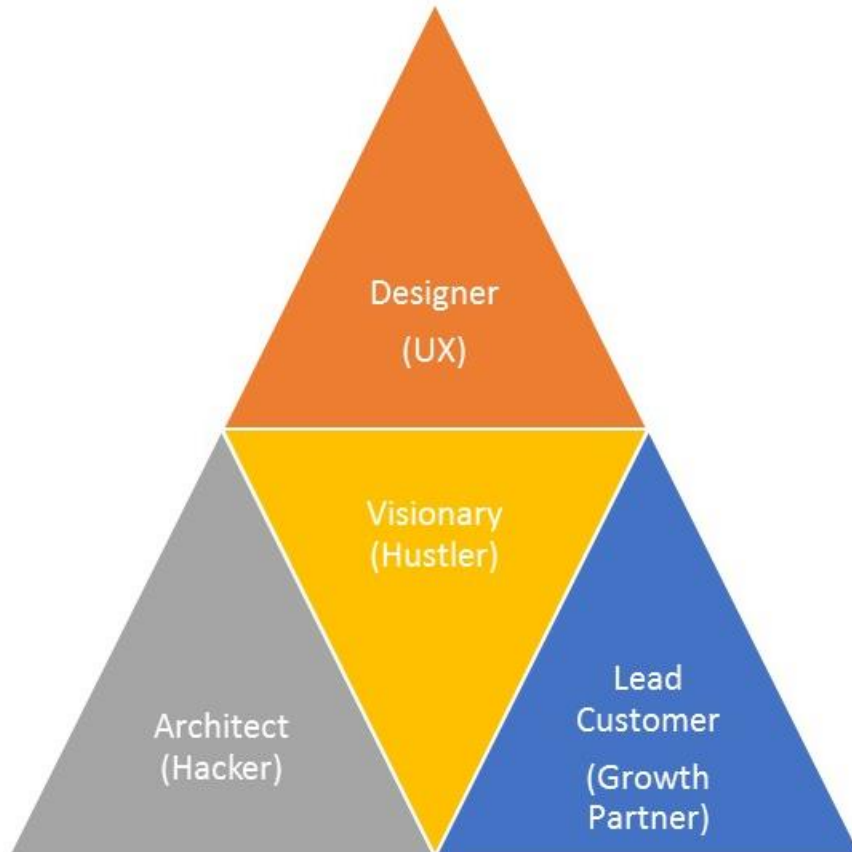
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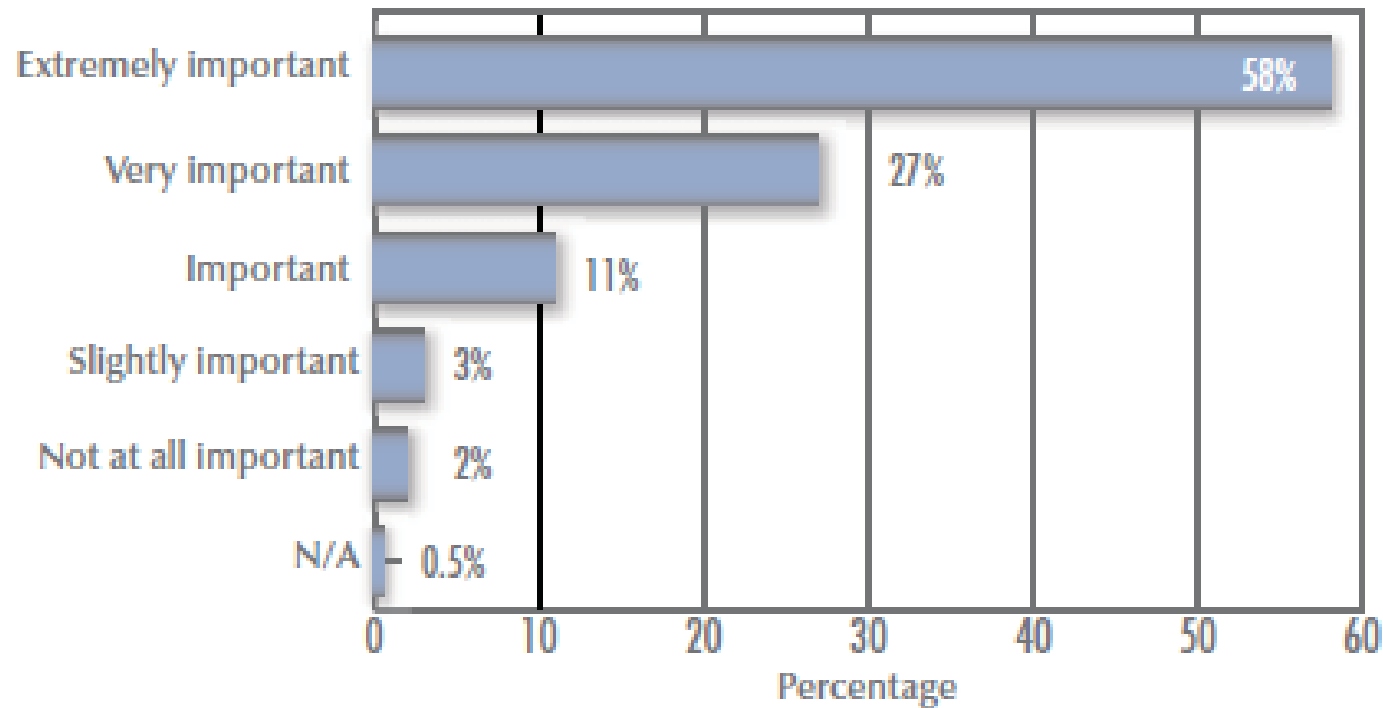


Hacker, Hustler, Designer



Survey of 549 Company Founders

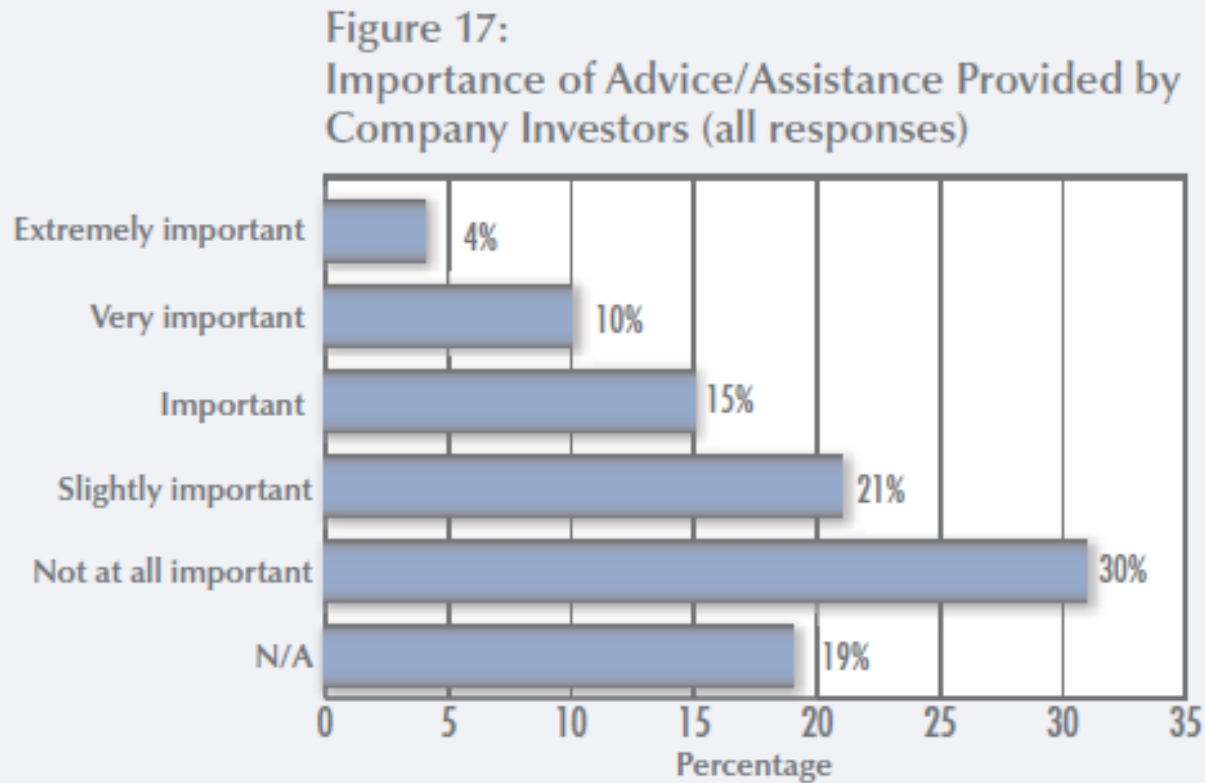
Figure 4:
Importance of Prior Industry/
Work Experience



From *Making of an Entrepreneur*

© 2014, Factor, Inc.

Focus Research Question? Importance of Advice



From *Making of an Entrepreneur*

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Mentoring - avoiding the mentor seagull - Hi I'm here to help



Experiment in Mentoring through Humor

Flip - the new venture comic strip

“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.’”



- 5% of Startups Succeed
- <1% go public
- Living MIT Alumni created
 - 26,000 active firms
 - 3.3 million employees
 - \$2 trillion

viewpoints



DOI:10.1145/2505337 Michael A. Cusumano

Technology Strategy and Management

Evaluating a Startup Venture

Considering the key elements of successful startups.

STARTUPS ARE AN engine of economic renewal and change around the world (see "Dealing with the Venture Capital Crisis," *Communications*, Oct. 2009). But successful startups are rare, and startups that go public and yield strong financials like Facebook are even more extraordinary (see "Reflecting on the Facebook IPO," *Communications*, October 2012). For example, living MIT alumni created 26,000 active firms with 3.3 million employees and annual revenues of nearly \$2 trillion as of 2006. Five to seven years after their founding, however, only 30% of MIT startups were successful (approximately 60,000 failed).^{5,6} The National Venture Capital Association says about 75% of startups succeed, but a recent Harvard Business School study found this true of only about 25%. Stricter definitions of return on capital suggest only 5% of startups succeed and merely 1% go public.²

It should be possible for potential investors as well as would-be entrepreneurs to evaluate startup ventures more systematically. This column

attempts to help them do this with a short checklist of key elements to look for. It is based on many years of working with startups and a list earlier published in *The Business of Software* (2004), with some additional reflections and examples.

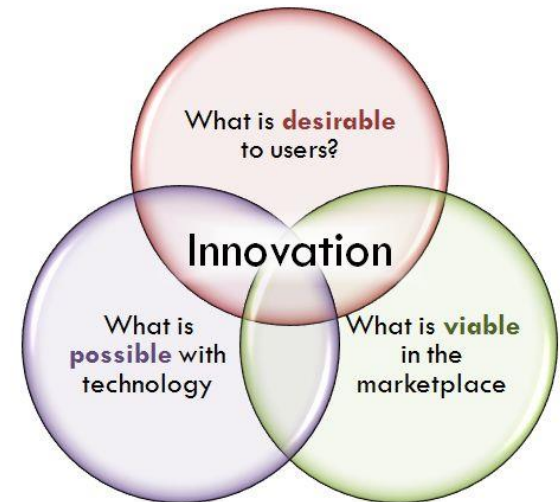
1. A Strong Management Team
Venture capitalists often say they invest primarily in people—the entrepreneur or the management team—and secondarily in ideas. Some reverse this order, invest-

ing in ideas first and people second. Ideas, such as beliefs about sectors or technologies that will be important in the future (for example, social media, location-specific applications, health-care software) are worth little without a team to execute the plan successfully. People end up being key in any case. A strong management team has the right level and breadth of experience, and needs strong technical leadership if it is a technology-driven company. At the same time, ventures dominated by technology often spend too much money refining the product and too little effort getting ready for customers and closing deals. Especially with technology startups, success often depends on having founders with solid marketing or sales expertise.^{5,6}

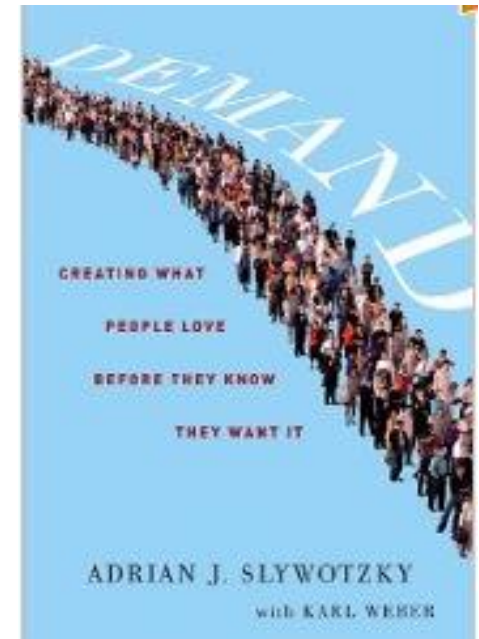
2. An Attractive Market
Successful startups usually focus on markets capable of becoming large, fast growing, and profitable for new entrants. Whether "horizontal" (for example, everyone with a computer or a smartphone is a potential customer) or "vertical" (for example, every financial services company is a potential

It should be possible for potential investors as well as would-be entrepreneurs to evaluate startup ventures more systematically.

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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- 4. Strong Evidence of Customer Interest**
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8. Potential for a Large Investor Payoff



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



INSTITUTE OF DESIGN · OSMARIN

Skip Walter

DISCOVERING · DEVELOPING · TRUSTING YOUR INNER ENTREPRENEUR.

(WE WILL COVER)
WHAT ARE THE
RESOURCES
AVAILABLE...

I'M A RECOVERING
ENTREPRENEUR

COURAGE
+
WISDOM

(BASICALLY)

→ WITH A 12 STEP PROGRAM.

MY MATURATION PROCESS: COST REVENUE PROFITS VALUATION JOBS (SUSTAINABLE ONES)

THE MAJOR
PLAYERS

THE STARTUP ECOSYSTEM

VAGUE

VENTURE CAPITALISTS ANGEL INVESTORS GOV'T UNIVERSITIES ENTREPRENEURS ENTERPRISES

LET'S TAKE A LOOK @3



(COURTESY OF STEFANI BACHETTI)

ESCAPE YOUR
CULTURE

YOU CAN'T REALLY SEE
YOUR OWN CULTURE IF
YOU ARE STILL IN IT...

WAY IN
SILICON
VALLEY

START UPS MAIN STREAM
ARE ON THE WAY TO

DO ACCELERATORS
ACTUALLY EVEN
ACCELERATE
ANYTHING?!

FOCUS CHANGING
ASSERTION

LET'S CREATE JOBS!

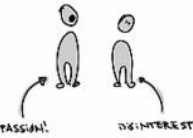
APPARENTLY I HAVE
BEEN DESTROYING
THEM ALL THESE
YEARS!

MENTORING
IS A FANTASY



WHAT ADVICE IS VALID?
HOW DO YOU KNOW IF YOUR
MENTOR IS TAKING THE
TIME TO KNOW YOU AND
BUILD ADVICE OFF YOUR
SKILLS

EXPERIENCE FIRST
MAKE MEANING SECOND



(THE NORM GET
USED TO IT)



NEW VENTURE

RESOURCES

SKETCHNOTES BY STEFANI BACHETTI

SHIFT FROM CAUSAL TO EFFECTUAL MINDSET

NO MORE READY AIM FIRE ... READY FIRE AIM!

(HCD)

PRODUCT DEVELOPMENT

DESIGN DESIRABILITY

TALENT DEVELOPMENT

CAPABILITY

AUDIENCE + CUSTOMER
DEVELOPMENT

demand

INVESTOR DEVELOPMENT

LEAN CANVAS
BUSINESS MODEL

EPICENTER

C4C

GO EFFECTUAL
ENTREPRENEURSHIP

STARTUP
WEEKEND

LEAN STARTUP MACHINE

9 MILE LABS

RUNNING LEAN

MAKERS

DEMAND

TO SELL IS HUMAN

CORPORATE STRATEGIC
INVESTORS HAVE THE BEST



(THEY COME W/ CUSTOMERS)

Discovering, Developing and Trusting Your Inner Entrepreneur

Questions?

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206-200-6777



Extreme Productivity by Design