Being an Entrepreneur in the 21st Century

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Outline

• Being an Entrepreneur at UBC.
• The importance of Mentors.
• Where are the opportunities today?
• Globalization.
My Start at UBC

• BCIT Diploma of Technology, 1973
• UBC BASc Electrical Eng, 1977
• UBC Ph.D. in Electrical Engineering, 1982
• Elected three times to the Board of Governors
• Led the UBC Engineering Project to build an Electric Vehicle
• Also taught full 4 yr course in Electrical Engineering at SFU for 3 years
UBC Electrical Vehicle Project

- Back in the 70’s the UBC Engineers always built cars.
- Started as a way to avoid a summer job.
- Ended up as UBC's largest student project (then).
- Our project won 2nd prize in a worldwide competition by Intel.
- = Entrepreneur training.
Recommendation

• University provides wonderful opportunities beyond the classroom.

• Yeah, I know you think you are too busy already.

• Get involved in:
  – Student projects
  – Student politics
  – Something outside your core department
  – Any activity to broaden your perspective
Keep this picture in mind. I believe UBC’s contribution is actually much more significant.
Case Study #1 – Professor

- John MacDonald was still a professor in here in Electrical Engineering when I started as a student.
- Started MDA with a friend who was an Engineer at the UBC computing center.
- (John) MacDonald & (Vern) Dettwiler
- TOP 16 B.C. TECH Cos BASED ON REVENUE (2003)
- 1 Creo inc.
  2 MacDonald Dettwiler & Assoc (2500 employees)
Case Study #2 - Student

• I started Nexus Engineering with an E&E classmate, from the Electric Vehicle project.

• While we were both still grad students here at UBC.

• Grew to 7 companies, 350 employees in 6 countries.

• Second largest manufacturer of headends in the world.

• Sold to Scientific Atlanta in 1993 for $$$. 
Recognized as Entrepreneurs

- At Nexus we won 9 awards for entrepreneurship

Including:
- Entrepreneur of the year
- Silver medal in Entrepreneurship from Canada Awards
- Business Leader of the year
- UBC and BCIT Alumni Awards
Generating lots of media attention which generated several unsolicited proposals of marriage.
My first experience

• Entrepreneurial experience.
• We were SO naïve.
• I now literally laugh at our original structure and financing agreements.
• Nevertheless, we grew to be #2 in the world.
• Single biggest reason: Our Mentors (please keep this in mind.)
What John MacDonald Taught Me

• When I was a young entrepreneur,
• John MacDonald, then still CEO of MDA,
• Told me how proud he was of the MDA Spin Out companies.
• I thought he was out of his mind.
• Because I was scrambling every day to hire more engineers and new grads.
• But now see that he was right.
BC Tech Map 1997
BC Tech Map 2003 - MDA
I consider MDA a UBC Spin Out
BC Tech Map 2003 – Nexus
Nexus is also a ‘UBC Spin Out’
Many of these started at UBC
My Day Job Now

- In late 2002, I co-founded BC Advantage Funds.
- Now 3 funds with over $30 million.
- Core part of our mission is to invest in university spin outs.
- And make entrepreneurial professors and students a ridiculously large amount of money,
- along with our shareholders.
- And have fun and put something back.
Making University Millionaires

- Made Professor Tom Buckley a millionaire (public info).
- My most recent investment – Sensific – UVIC.
- Professor Tom Fyles head of Chemistry at UVIC.
- I have also invested in Brightside - started by Professor Lorne Whitehead, UBC VP Academic.
- Also the founder of TIR and two other UBC spin outs.
When should you start?

- Try hard not get a ‘real’ job first!
- Do it early in life.
- Being a student is excellent training:
  - used to working long hours
  - for no money (i.e. already used to starvation)
  - not yet risk adverse (because you have no money)
  - willing to roll the dice double or nothing every day (because you are too young to know any better)
OK, but what about you?

- The real question is whether it’s right for you.
- Should you even try?
- Shouldn’t everyone try?
- No, it can easily ruin your life.
- How much is genetic and what can be learned?
Some discriminating tests

- Hot stove test.
- Is the glass half full?
- See around the mountain.
- Perseverance.
- Work with teams.
Characteristics of Entrepreneurs

- Lots written by VCs
- You may not like some of it.
- Sample characteristics:
  - first born
  - entrepreneurial family
  - incredibly persistent
  - intuitive
  - OCD
  - weird relationship with father
Entrepreneurial Teams

• An individual can’t be perfect.
• But a team can come close.
• There are exceptions (like Jim Pattison and Ted Rogers).
• Investors only back teams.
Entrepreneurship is not taught

- It’s learned.
- Universities are starting to try.
- But today, it’s still more of an apprentice program.
- Often entrepreneurs come from entrepreneurial families.
- I want to expand that subset.
- My belief: “All successful entrepreneurs have good mentors.”
Mentors

• The most important controllable factor in your success.

• Ideal team includes some grey hair and some serious entrepreneurial scar tissue.

• Good ones not easy to find or to get sucked in.
Why they might make you rich

• How it worked for us at Nexus.

• What it feels like after you make your first $million.

• What’s still fun?
  - vicarious business thrills
  - management - NOT

• Passages and symbiotic relationships.

• Could always use a few more $million and what else would you do anyway?
Mentors – The difference between success and failure

• A good Mentor’s most important contribution is:

• To prevent the entrepreneurs from blowing up the company.

• Seriously.

• In my first company, our angel investors / mentors / directors literally prevented that a dozen times.

• In my own investments, have done the same several dozen times.
How can they do that?

• It’s experience.
• For example, many companies fail because they run out of money.
• That almost never happens to experienced entrepreneurs.
• Even a founder with an IQ of 160 can’t learn enough, fast enough, to have the experience.
• Every successful company I have seen has mentors / good directors.
Right Place at the Right Time

• It's hard.
• You have to get both things right.
• It’s mostly luck when you are young.
• Just can’t accumulate the knowledge to consciously position yourself.
• That’s what old guys always say…. (remember the stove)
Eras of Opportunity
200 Fatal Mistakes

• Probably about 200 common mistakes that entrepreneurs make in the first few years.
• Unfortunately, most are fatal.
• Most companies try to make a dozen or so.
• They are not in a book or CD.
• That’s another reason why chances of great success are so small.
Some good news

• The mistakes can be learned.
• The hard way (common path for entrepreneurs - remember the stove.)
• Go broke a few times (Jimmy and Ted almost did a couple of times.)
• There is a much better and faster way.
• MENTORS.
Other important lessons

• #1. Do not run out of money.
• All investment capital comes with costs and conditions that are worse than you can possibly imagine (and that you probably won’t understand until it’s too late).
• You have to sell what you make.
• 199 other lessons for another day…..
Globalization

• The world today is a much smaller place
• Due to two technologies:
  – Air transportation
  – Telecommunications
• In my father’s day a trip to Asia took two months to plan and two days to get there.
• For me, a bad travel week is when I cross the same ocean four times.
Globalization and intangibles

• In the 20\textsuperscript{th} century we learned that companies in Asia could produce physical goods more efficiently.

• That was OK because North America became a knowledge-based economy.

• At the beginning of the 21\textsuperscript{st} century, we are learning that people in any country can create intangible goods as efficiently as the Americans.
What it means for you

• If I see a business plan to dominate the market for something in Canada, I hit delete.

• Very simply, your only option today is to be one of the best in the world.

• Luckily for us, that is very doable from here in BC.
My hope for you

• I hope that some of you start companies.
• Sooner rather than later.
• With others from UBC.
• Build a team.
• Find some mentors.
• Raise some capital.
• Make a ridiculous amount of money.
Good Luck!