

Start Your Company While You Are Still in University

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How many of you are
planning to work in a startup
at some point in your career?

How many of you are
planning to work in a startup
right after university?

My Goals Today

- I'd like to convince a few more of you.
- And possibly help make you a lot of money.
- I believe more students, staff and faculty at universities should start spin-off companies.
- I did and it worked out very well for me.
- To start I'll show you a couple of real life examples.
- Then I'll give you specific recommendations on starting your companies.

Companies Started at University

- Google and Yahoo! were started by PhD students at Stanford.
- HP, Sun, and Cisco were also from Stanford.
- DEC was started at MIT's Lincoln Labs.
- Akamai, another MIT startup.
- StumbleUpon started by 3 post grad students at the University of Calgary, sold to eBay for \$75 mil.
- BioWare started by 3 med students at U of Alberta sold to Electronic Arts for \$825 million.

By Students - Not Professors

- The average age of the founders of:
 - Microsoft
 - Yahoo
 - Google
- Was 24 years old.

The National Council of Entrepreneurial Tech Transfer

- Startups that are created using IP or smarts from universities are more successful than others:
- 8 percent of all university startups go public, in comparison to a “going public rate” of only 0.07 percent for other U.S. enterprises - a 114x difference.
- 68% of university startups created between 1980 to 2000 remained in business in 2001, while regular startups experienced a 90% failure rate during that same time period.

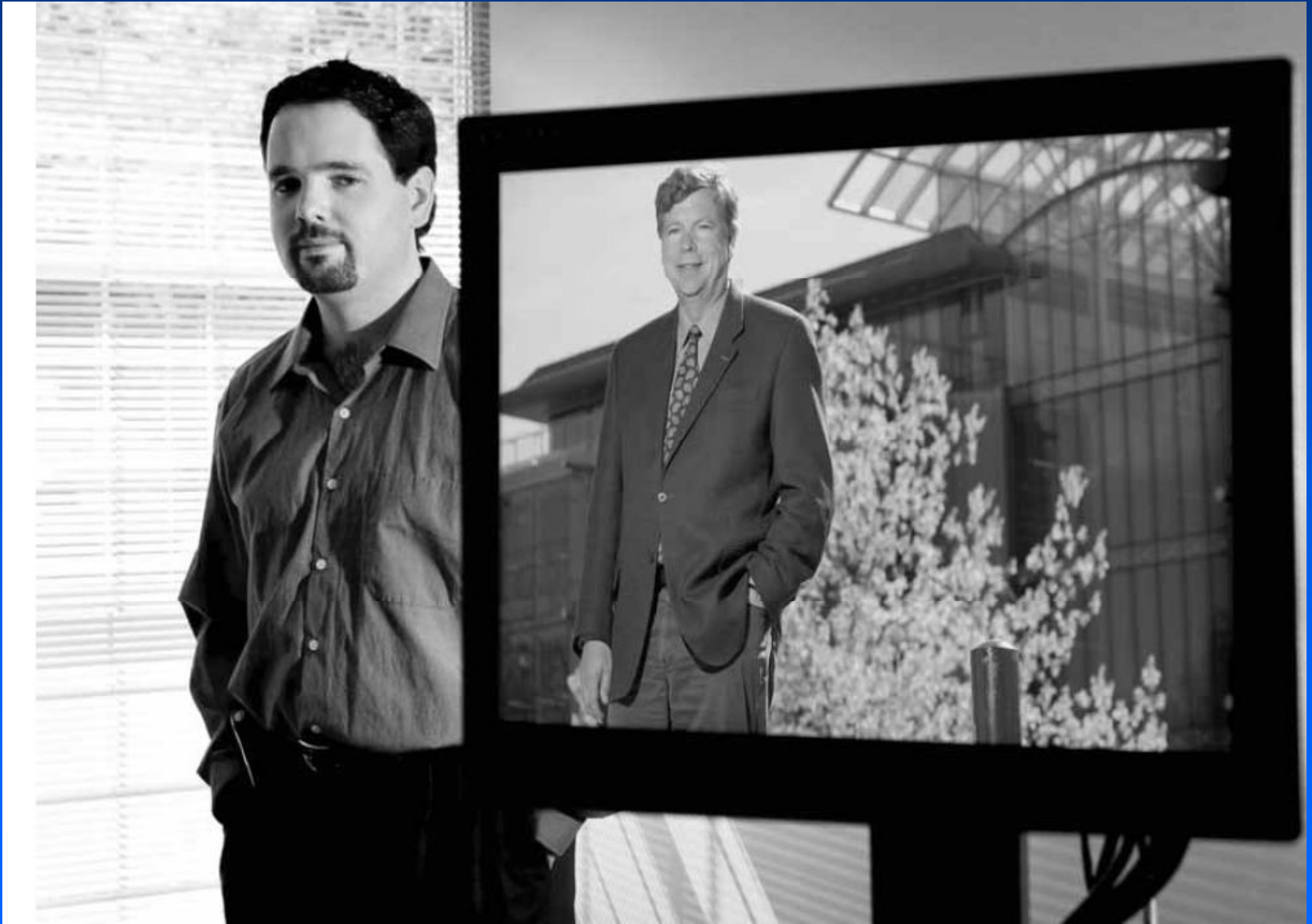
Why Do Students Succeed?

- Entrepreneurial success is highly correlated with post-secondary academic achievement.
- Why?
- The success factors are very similar:
- Native intelligence.
- Desire to learn and ability to process large amounts of new information.
- Ambition and perseverance.

Helge's Story – Case Study #1

- Helge is the most recent university student I have helped to become a millionaire.
- I invested three times in Helge's company.
- Mine was the first fund to invest.
- I invested the first time when there was only Helge and one other person on the company payroll.
- The only other fund that ever invested was Mike Volker's Western Universities Tech fund (WUTIF).

Introducing Helge Seetzen



Helge's story - 2

- Helge came to Canada in 1998 when he was 19.
- He completed high school in Germany, and spent an obligatory year in the military.
- When he arrived, his first priority was to learn to speak English.
- Helge had an idea for a student project (a common theme among university millionaires).
- That project got him introduced to Professor Lorne Whitehead in the Physics department at UBC.

Helge's Story - 3

- Lorne offered Helge a job in his lab as a junior research assistant.
- Helge's job included labeling storage boxes, maintaining the computer network and helping to build prototypes.
- At this point, Helge was still a first year undergrad.
- Helge got excited about Dr. Whitehead's experiment to increase the brightness and dynamic range of liquid crystal displays (LCD's).

Helge's Story - 4

- Helge and Lorne got each other more excited.
- In 2001, they started a company called Sunnybrook.
- It was renamed Brightside in 2004.
- Helge was the CTO from the first days in the lab until the company was sold.
- Dolby Labs acquired Brightside in February 2007
- For \$28 million in cash

Helge is now a multi-millionaire

- Today, Helge is still in charge of research - doing the same thing - working on high dynamic range displays.
- But now he is a multi-millionaire.
- Now he can even complete his Ph.D.
- He is still only 29 years old.
- Professor Whitehead made a lot of money.
- UBC made millions too.

More on Helge and Brightside

- This is a classic case study.
- There is much more you can learn from Helge and Brightside.
- A more detailed description is online at:
- www.University-Millionaires.com

Case Study #2 – My First Co.

- I started Nexus Engineering with an Engineering classmate, from the Electric Vehicle project.
- While we were both still grad students here at UBC (literally right in the lab 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 about \$20 million.

UBC Electrical Vehicle Project

- Back in the 70's the UBC Engineers always built cars.
- Started as a way to avoid a summer job.
- Our project won 2nd prize in a worldwide competition by Intel.
- = Entrepreneurial training.
- Three UBC University Millionaires in this photo



This is a 'standard model'

- This happens all the time.
- Many of the elements in Helge's story are the same as in most other University Millionaire experiences.
- Now I am going to give you a list of best practices to help with your startups.

Recommendation #1 - Projects

- University provides wonderful of 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
- It's excellent entrepreneurial training.

Recommendation #2 – Do It Now

- Try hard not get a ‘real’ job first!
- Do it early in life.
- Being a student is excellent training:
 - accustomed to learning a lot really fast
 - used to working really long hours
 - for no money
 - not yet risk adverse (because you don't have much money)
 - willing to roll the dice double or nothing
 - just like every entrepreneur has to do every day

Recommendation #3 – Be honest

- 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?
- Be honest with yourself.

Characteristics of Entrepreneurs

- Lots written by VCs and academic researchers
- You may not like some of it.
- Sample characteristics:
 - hot stove test
 - first born
 - entrepreneurial family
 - incredibly persistent
 - intuitive
 - OCD
 - weird relationship with father
 - high serotonin levels

Entrepreneurial Teams

- An individual can't be perfect.
- But a team can come close.
- There are exceptions (often billionaires).
- But 99.9% of successful companies are built by teams not lone entrepreneurs.
- University is a great place to find co-founders.
- Another good reason to do it now.

Recommendation #4 – The Team

- Investors only back teams.
- Because they have learned the expensive way.
- And because they know teams can be much closer to perfect.
- Its also a test.
- To see if the idea is contagious,
- and the leader can lead.

Recommendation #5 - Mentors

- We started our first company, 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.
- **Peters' Law: All successful entrepreneurs have 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.

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.

Recommendation #6 - Structure

- There are hundreds of failure modes for startups.
- Most are preventable.
- Most common failure mechanisms are in the broad category of structure.
- Like the foundation of a building – you have to get it right at the beginning, often can't fix it later.
- Unusual blend of business, legals and psychology.
- Cannot be learned on the job – find Mentors.

Recommendation #7 - Network

- To succeed you need:
 1. A Team
 2. Mentors
 3. Directors
 4. Investors (friends and family then Angels)
 5. Financial Partners
- All usually sourced by networking.

Summary of Recommendations

1. Get involved with student projects.
2. Do it now.
3. Be honest with yourself.
4. Build a team – investors only back teams.
5. Mentors – the most important controllable factor.
6. Get advice about structure early.
7. Network to find angel investors or financial partners.

Now how many of you are
planning to work in a startup
right after university?

**GOOD
LUCK!**

For a copy of this presentation:

www.BasilPeters.com