"AN ENTREPRENEUR'S PERSPECTIVE: LAUNCHING A SCALABLE STARTUP"

- - - - - - -

THREE PART SERIES

Tom Nora

@tomnora   @cowlow

April 2012 | Beverly Hills, CA

PART ONE OF A THREE PART SERIES

- Part 1 – *First Meeting to Launch*

- Part 2 – *First Funding, Funding Lifecycle*

- Part 3 – *Idea to Product, Productization*

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I - First Meeting to Launch

My Background
Assumptions > Caveats
What is Scalable?
The Idea
Founding Team
Objectives
Proper Launch
Case Study: Google
What's About LA?

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INTROS, 2ND MEETING

- Around the room
- Who's coming to Part 2
- Notes for Part 2

MY BACKGROUND

- **Educated as an Engineer**
  - **Electrical**, BioMedical, CS   **USC**, Stanford, NASA

- Involved in **Technology/Software/Internet** Startups past 20+ years, mostly as a Business Executive

- Deep Understanding of **Software and Systems Architectures**
  - Internet, Realtime, Social Graph, App Dev Tools C++/Java/OOP, Simulation, Semantic, Data Mining, AI, Machine Learning, 3D Graphics, Semiconductor, MP

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STARTUP HISTORY

- Have led 5 Startups as **CEO,** 3 as **COO/VP Sales**
  - 2 IPOs, 20+ Acquisitions, 2 Liquidations

- Advised many others in **Launch, Funding, Organic Growth, M&A, IPO, Board Development**

- Have worked in L.A., Palo Alto, **Mountain View**, **San Jose**, **San Francisco**, Berkeley, Pleasanton, **Portland**, **Corvallis**, Boulder, **Santa Fe**, Austin, Salt Lake City, **Cambridge**, NYC, **Europe**
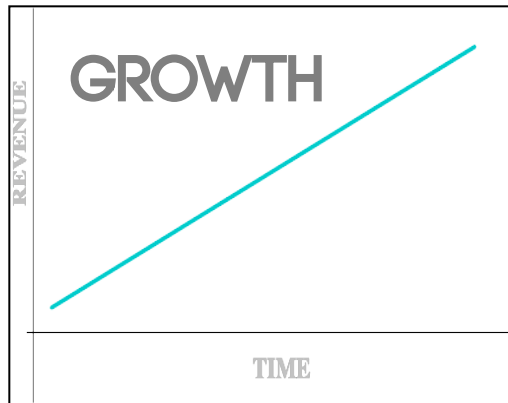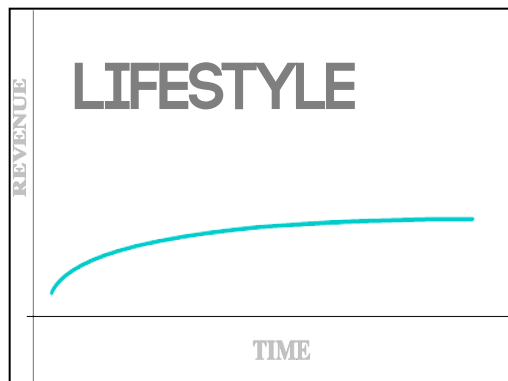
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CURRENT WORK

– Stealth Startup = future of **Job Seeking**

– Helping build the **So Cal Startup** world

- This group, Advisor, Incubators, SW Engineer Club, Networking Fool

– **Non-Profit** work

- **Good Karma Now** – platform for NPOs
- Other BoDs, **Techstars Boulder**

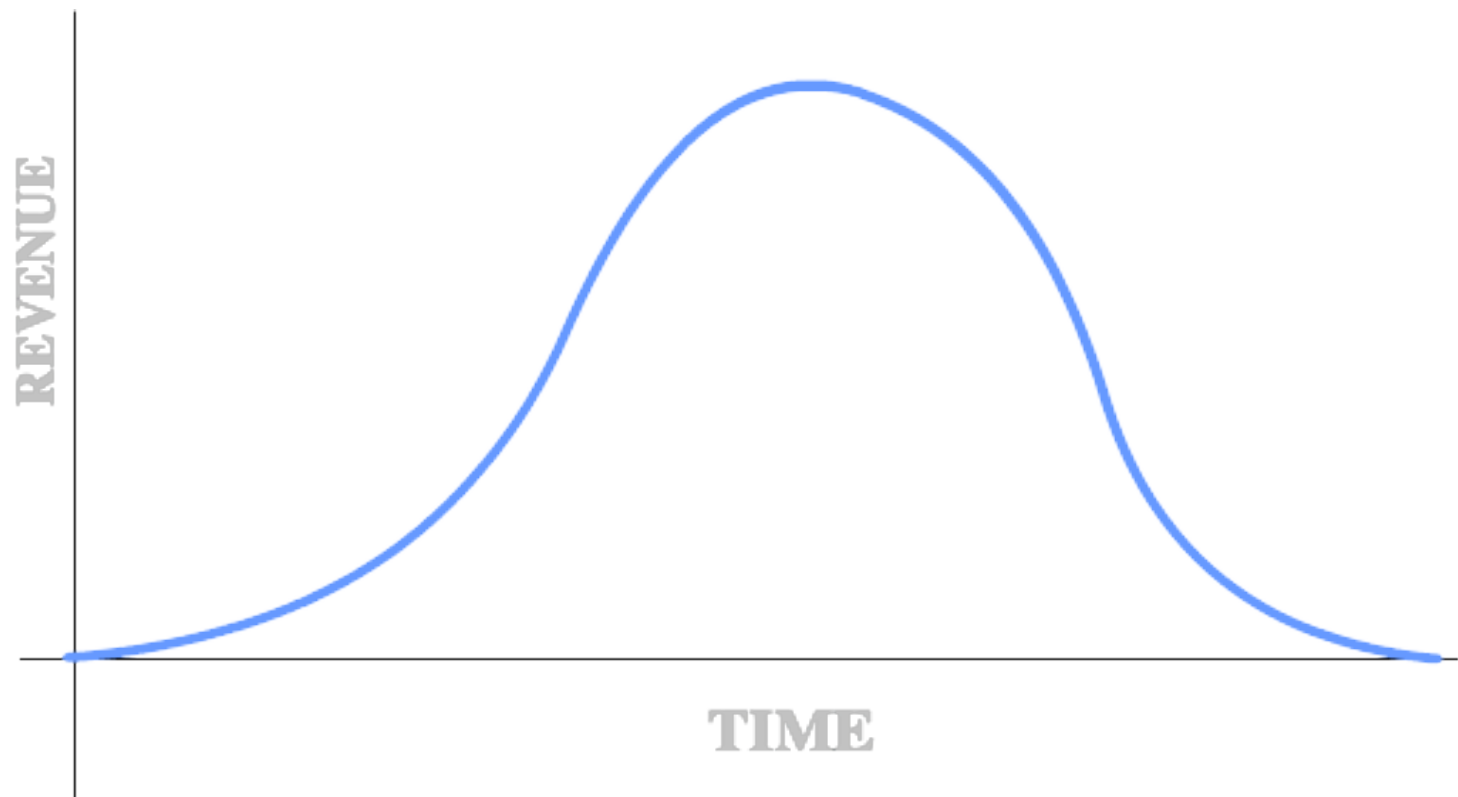– Launch **Co-Working** / Incubator space ?

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- Building for **Growth** Not Lifestyle
- Should be more Than **1 Person**
- **Technology based** Company

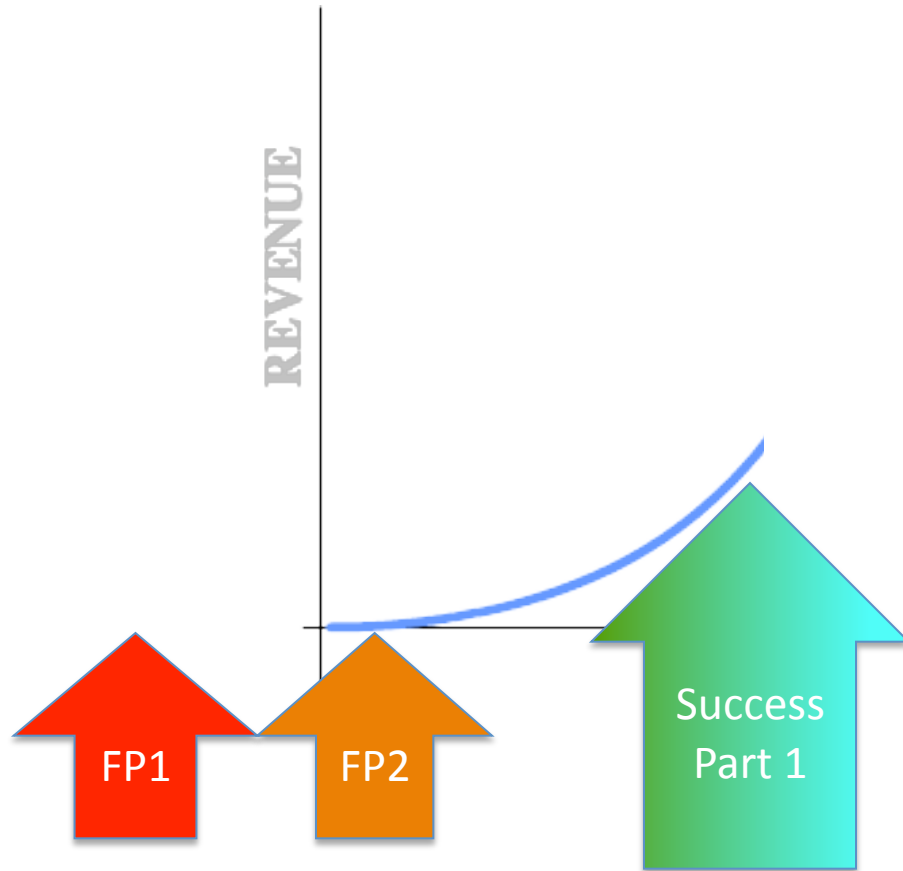- "**Investor-Ready**"
- Open to **Angel, VC Investment**

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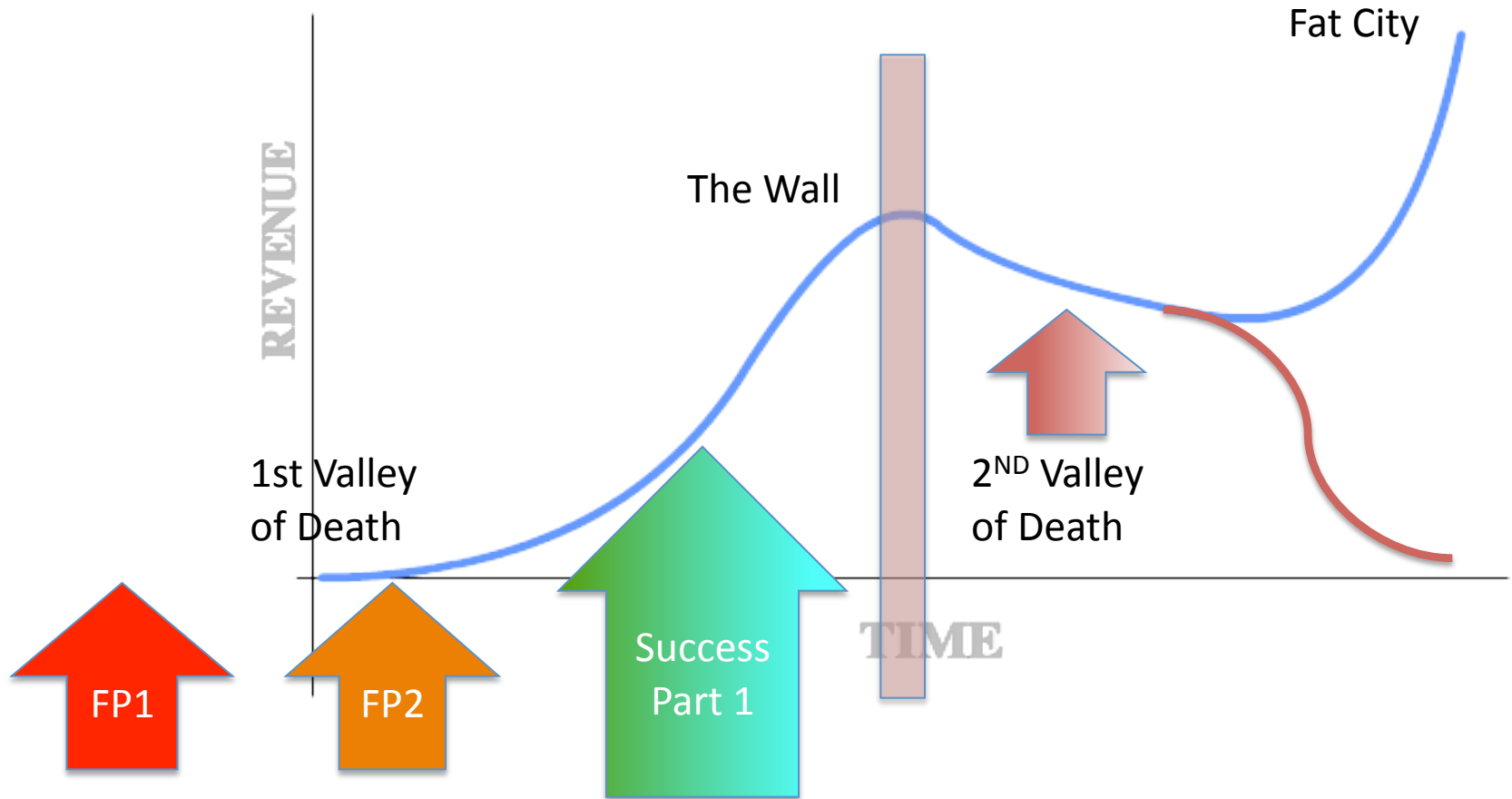# CLASSIC BUSINESS LIFECYCLE

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STARTUP LIFECYCLE – PART 1

REVENUE

FP1

FP2

Success
Part 1

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STARTUP LIFECYCLE – PART 2

Fat City

REVENUE

The Wall

1st Valley
of Death

2ND Valley
of Death

Success
Part 1

TIME

FP1

FP2

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"IDEAL" STARTUP LIFECYCLE

REVENUE
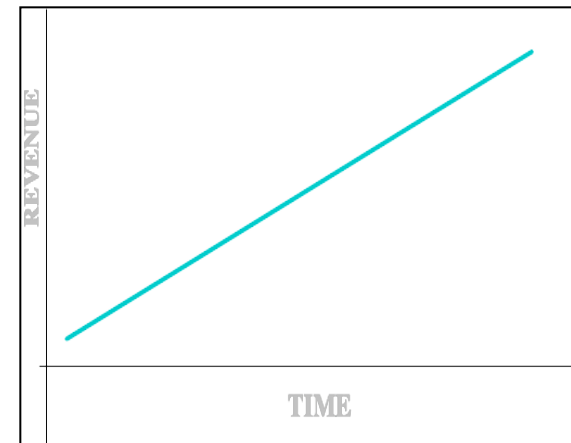
TIME

"IDEAL" STARTUP LIFECYCLE

REVENUE

TIME

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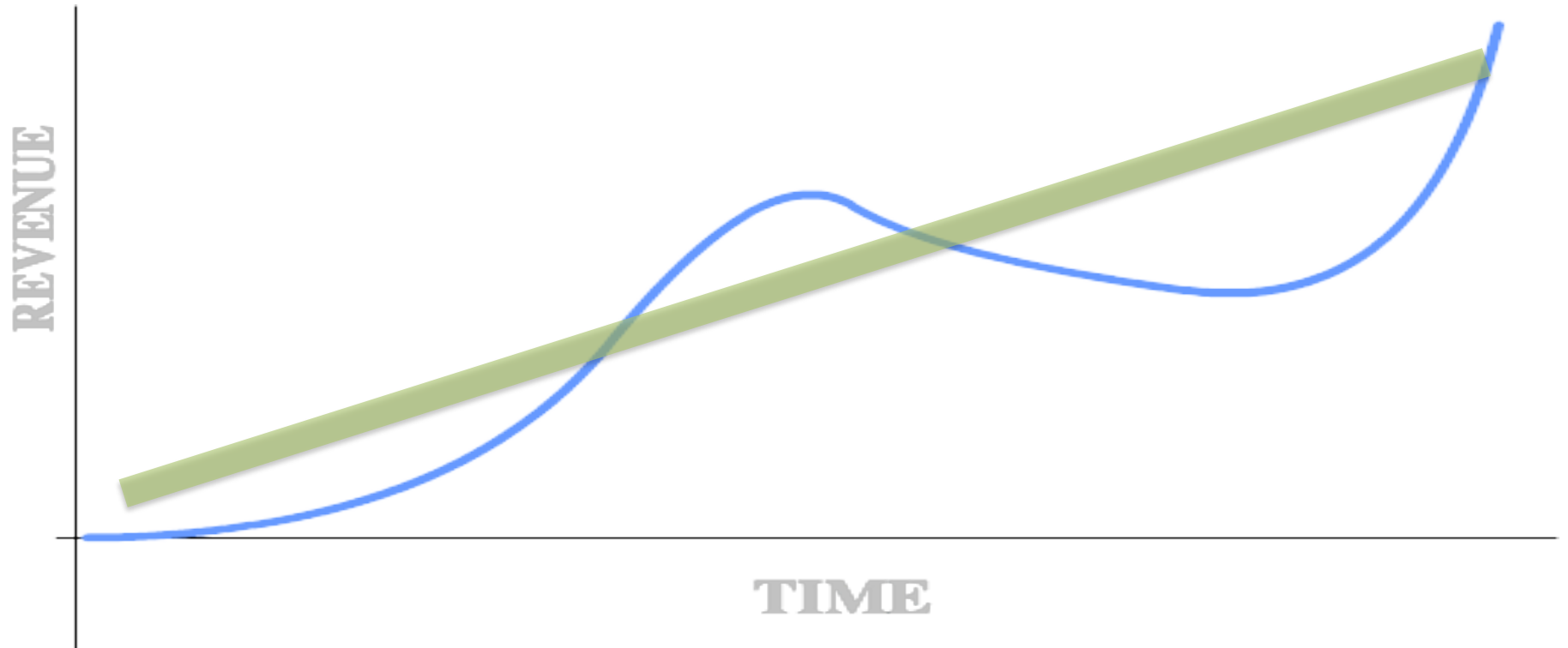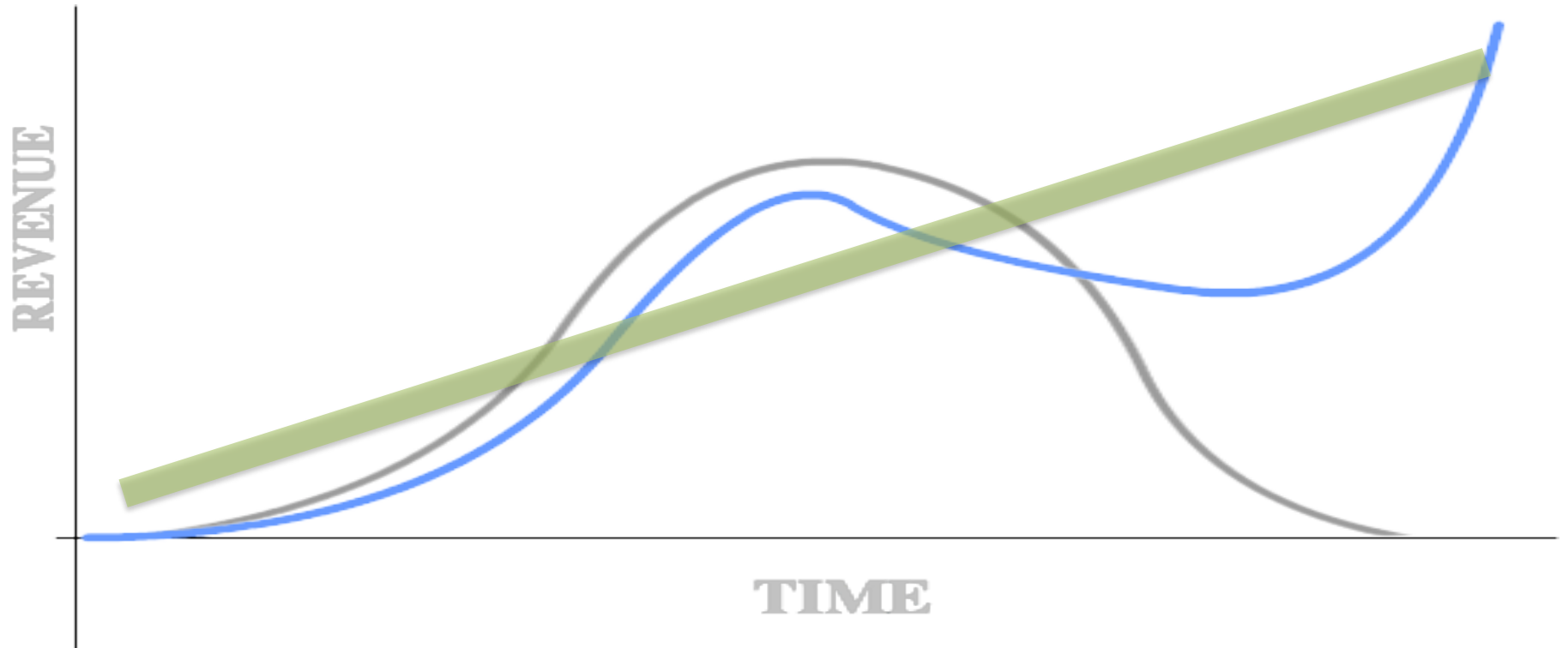
WHAT IS "SCALABLE"

- Designed for **long term**
  - Not a one-hit wonder
- **Controllable** Growth
- Continuously **Adaptable**
- Scalable **Infrastructure**
  - Engineering, Marketing, Sales, Hiring

Backup Plans in place for everything

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1. THE IDEA

- Must Be An **Amazing, <u>Unique </u>Idea**
  - **Disruptive, a Twist, Never done this way**
  - **Simple and Functional** (Google, Facebook, Twitter)
- Then Beat on it:
  - **Complete? Concise? Focused? Market Driven?**
  - **Agreement** among the team?
  - What is the **Competitive** Landscape?
  - Are you open to **Criticism**, Changes?
  - Is it **Scalable**? How Scalable?
  - Is it **really that good**?

2. THE FOUNDING TEAM

- **Cofounders**
  - **Complimentary** Team
  - Balance, **TRUST**
  - Compatibility
  - Work Ethic
  - **3+ is best**; 1 is difficult
- **Business Execs vs. Technologists**
  - You need Both
  - Mutual Respect

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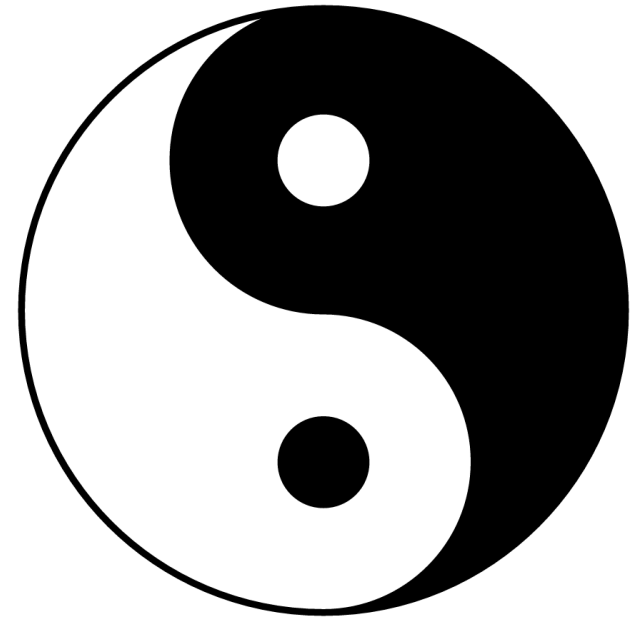
THE FOUNDING TEAM

- **Timing** must be right for all
    - **Available Time** – personal life, kids, financial situation
    - **Motivation** - is everyone Motivated? **Hungry**? Too Hungry?
    - **Flexibility** – hours, day jobs, weekends
- **Adjust** This for the Existing Team

- *This Part Should Be **Very Exciting** to all*
    - If not, investigate

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FIRST MEETINGS
"KITCHEN TABLE" MEETINGS

- Have **Real & Dedicated Meetings**
  - No Distractions; Should **Increase** in Frequency

- Discuss **Everything**, **Be Honest**
  - Cash Flow, personal situations, time
  - Equity Splits, Vesting, Salaries

- **Vet** the Idea & Market Thoroughly

- Then **Get On With It** ASAP

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OVERALL GOALS, VALUES

- **Growth** or **Lifestyle**?
  - Everyone Agree ?

- **Compare Long Term Personal Goals**

- **Must pick a leader, a CEO**
  - for Internal & **External** purposes

- Develop MINIMAL **Business Plan, Marketing Plan, Engineering Plan, Exec Summary**

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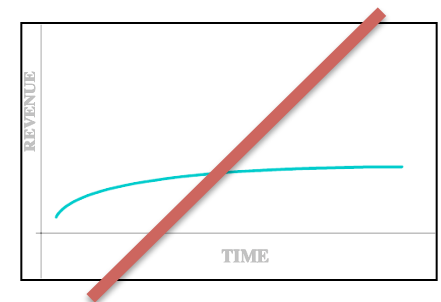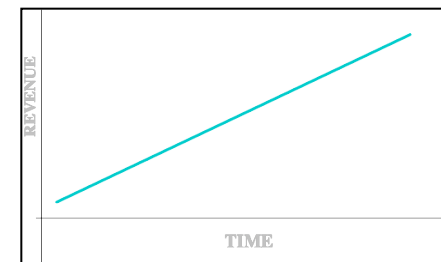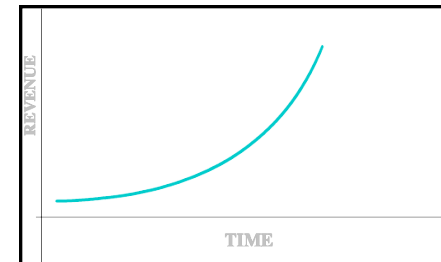
FROM IDEA TO COMPANY

1. **You have Founders √**

   · **Agreement √**

   · **Idea √**

   · **Planning √**
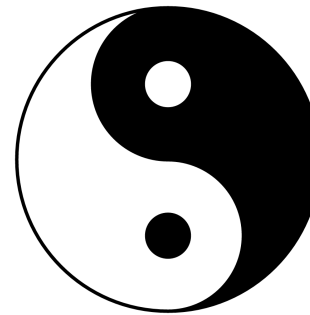
   This alone Isn't Enough!

2. Add Other Employees

- Founders √
- Other Employees √

Non-Founder Employees

- *This is not a company yet*
  - *no support system (ecosystem)*

FROM IDEA TO COMPANY

· **The Ecosystem**
  – Founders √
  – Other Employees √
  – Support System

Investors BoD Attorney	Advisors Mentors Contractors

Non-Founder Employees

Service Providers Recruiters	Friends & Family

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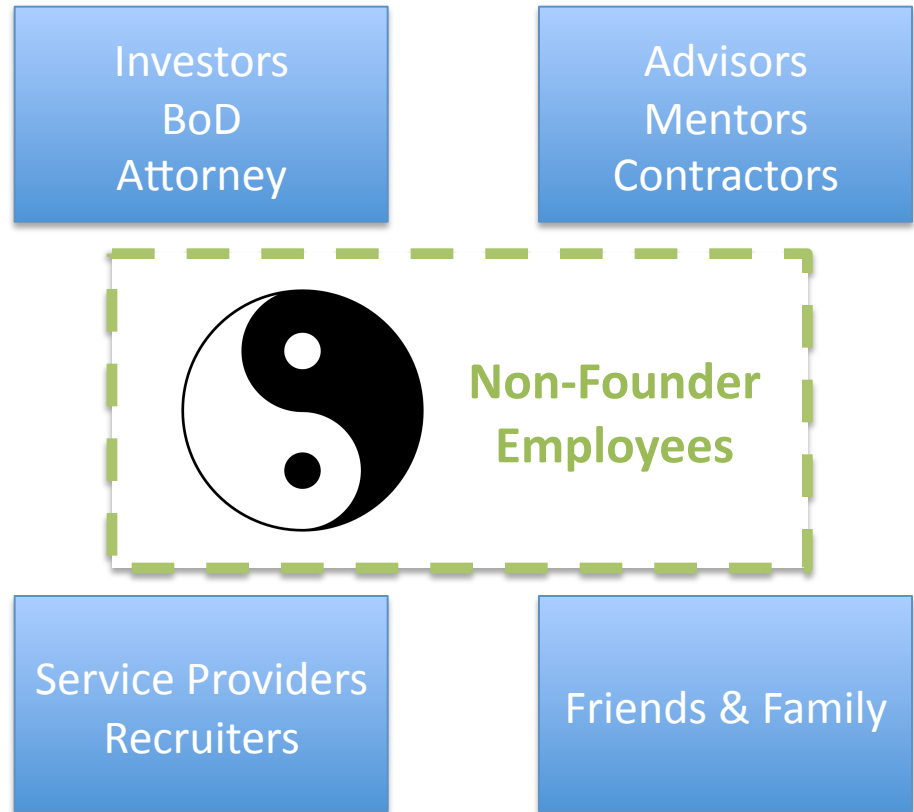
FROM IDEA TO COMPANY

- **The Ecosystem**
  - Founders √
  - Other Employees √
  - Support System √

- **Interconnect Them**

- Smothered with love

Investors BoD Attorney	Advisors Mentors Contractors
Non-Founder Employees	
Service Providers Recruiters	Friends & Family
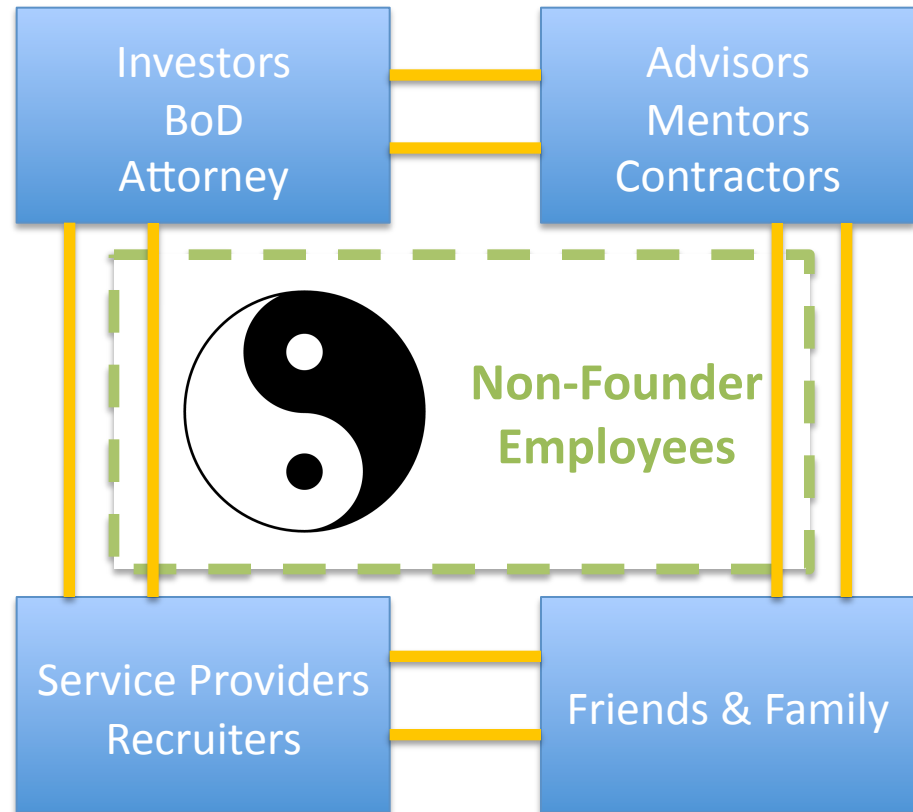
Now you've got a (fundable) company

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PROPER LAUNCH

Respect the launch

- Conduct **Proper Formal Launches:**
  - Of your **company**
  - **Product**/Services
  - No matter how small or broke you are

- Create **Pre-Launch buzz**

- Use **Experts** in your **Ecosystem** here

LAUNCH PLAN

- **Press**, **PR**   don't neglect these early on
- Create **Buzz**   network, discuss, cheerleaders

- **Legal**   DE C-Corp.
- **HR**   status, payroll, laws
- **Finance/Admin**   taxes, compliance
- **Operations**   1 Year Plan; 3 Year Plan
- **Reviews**   Quarterly, weekly

CASE STUDY

CASE STUDY:

Early Google

1996-1998

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THE IDEA AT GOOGLE

- **"Vastly Better" Search** was a **Dumb Idea in 1998**
- **Why It Worked Anyway**
  - Search sucked >> Alta Vista defocused
  - Enormous Idea founded on Stanford PhD Research
  - Could Feed (Save) VCs other investments
  - **Killer** Ecosystem

- Enormous, Automatic **Scalability**
  - Scaled with Web Growth
  - ~10X 1995 – 1998
  - High Growth Market
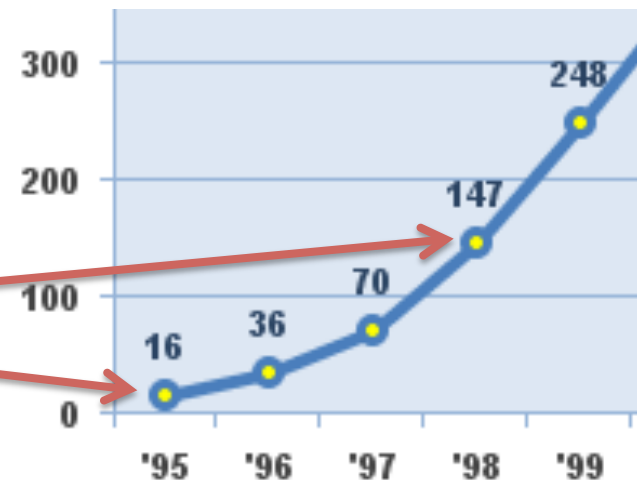
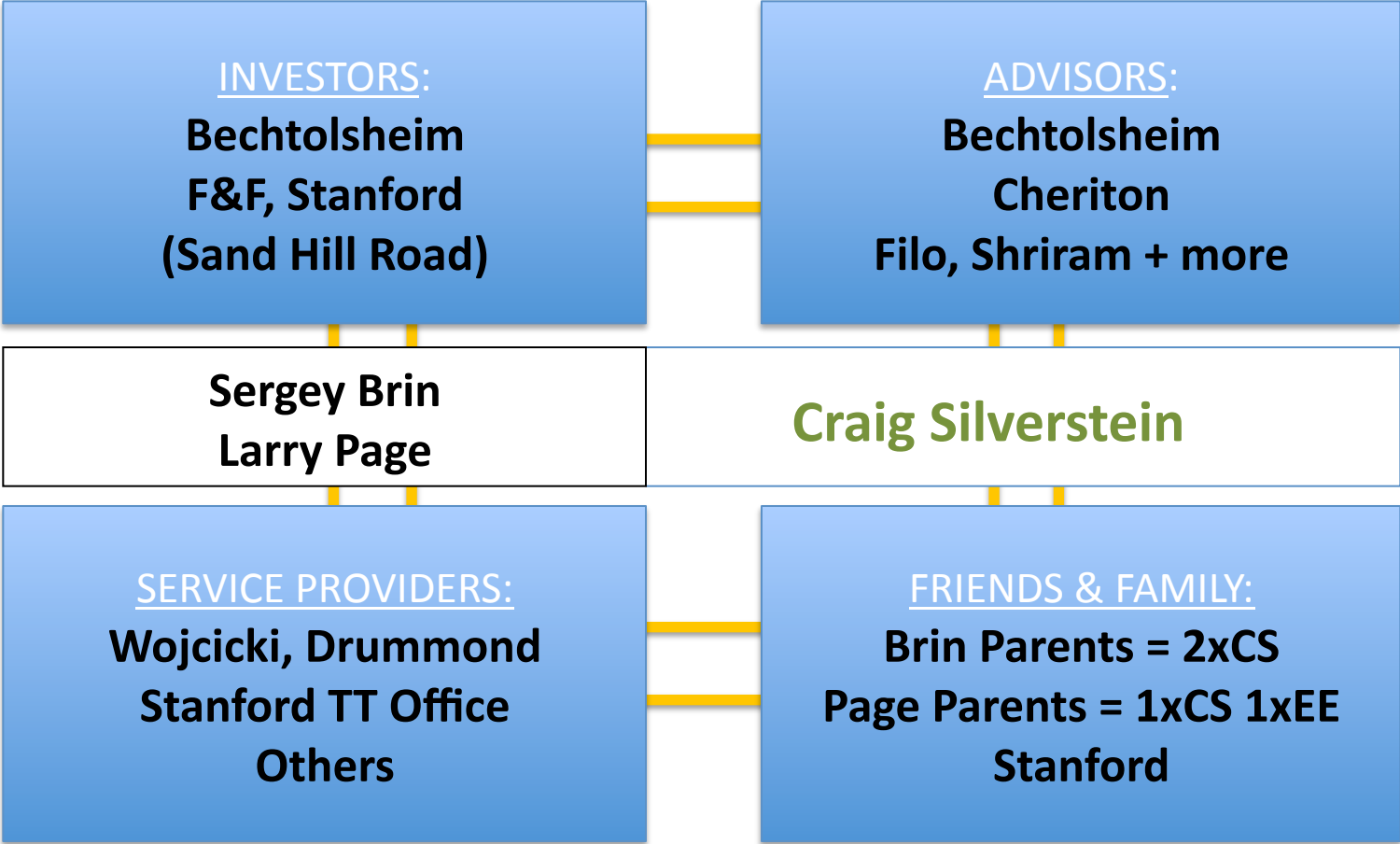*...created a perfect storm*

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GAS ON THE FIRE

- **Starting Capital available** from F&F (Ecosystem)
  - Professor at Stanford -- $50K
  - Parents   -- $30K
  - Stanford fund for server purchases   -- $50K
  - Andy Bechtelsheim (Sun Founder) -- $100K

- Stanford/Palo Alto **Ecosystem**
  - (Secret Club)

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GOOGLE'S 1998 ECOSYSTEM
A STANFORD LOVE FEST

INVESTORS:
Bechtolsheim
F&F, Stanford
(Sand Hill Road)

ADVISORS:
Bechtolsheim
Cheriton
Filo, Shriram + more

Sergey Brin
Larry Page

Craig Silverstein

SERVICE PROVIDERS:
Wojcicki, Drummond
Stanford TT Office
Others

FRIENDS & FAMILY:
Brin Parents = 2xCS
Page Parents = 1xCS 1xEE
Stanford

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GOOGLE SUCCESS FACTORS

- *Very Clear About the Idea*
- *Complimentary Founders*
- *Great Ecosystem, Support*
- *Computer Science Backgrounds*
- *Confidence, "Cockiness"*
- *Stanford Love*

ORIGINAL FRONT PAGE 1998

CURRENT FRONT PAGE 2012

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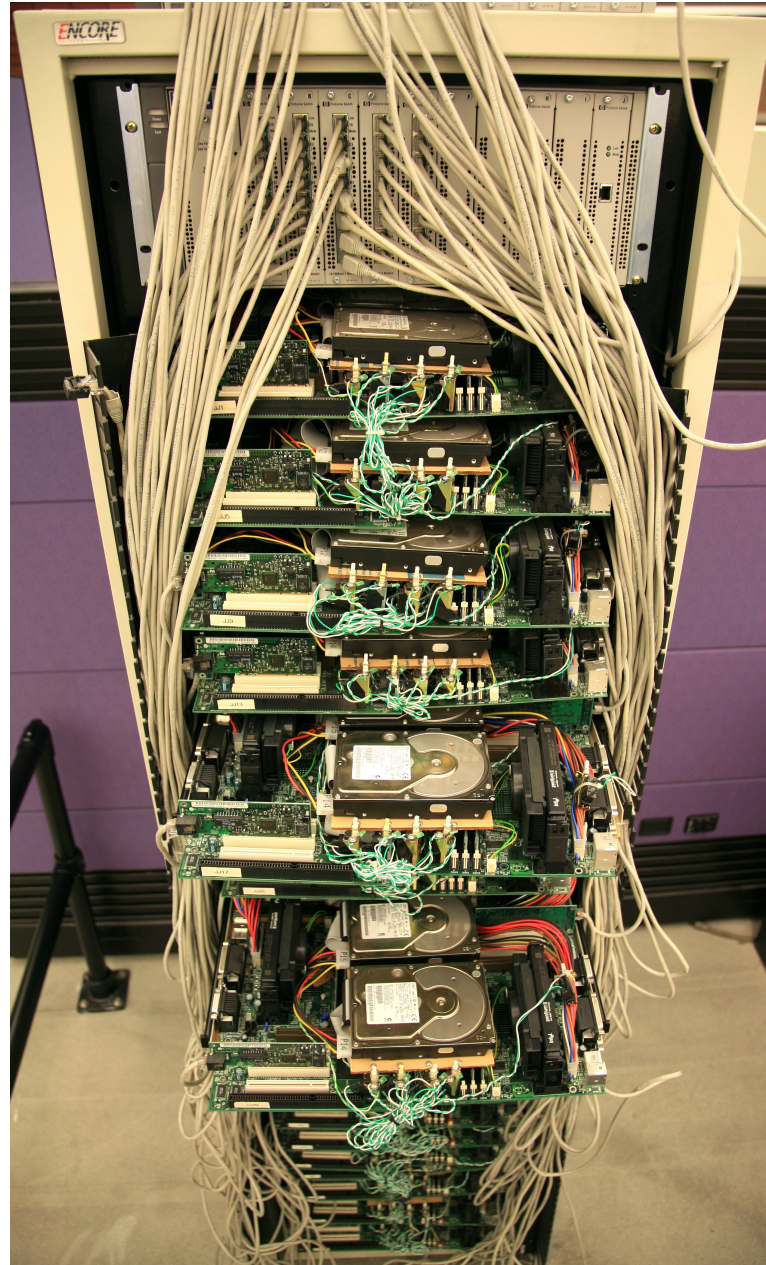Tom Nora 0 + Share

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WHAT ABOUT L.A.?
CAN WE DO IT HERE?

What Will It Take?

- Synthesize **Human Talent**

- **Deploy** – do it, don't talk

- **Compelling Ideas** Attract **Expertise**

- Build our own **Ecosystem**

- Support **World Class Launches**

Where's Our Stanford?

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L.A. STARTUP ECOSYSTEM

Current Momentum:
- **New Angels, VCs, Incubators, CoWorking, MONEY**
- **Tons of Networking Opps**
- **People want to Live Here**
- **Some Homegrown "Wins"**

Still Need:
- **Bigger Risk Takers, Confidence**
- **Higher Risk Investors**
- **Stronger University Cooperation**
- **More Wins**

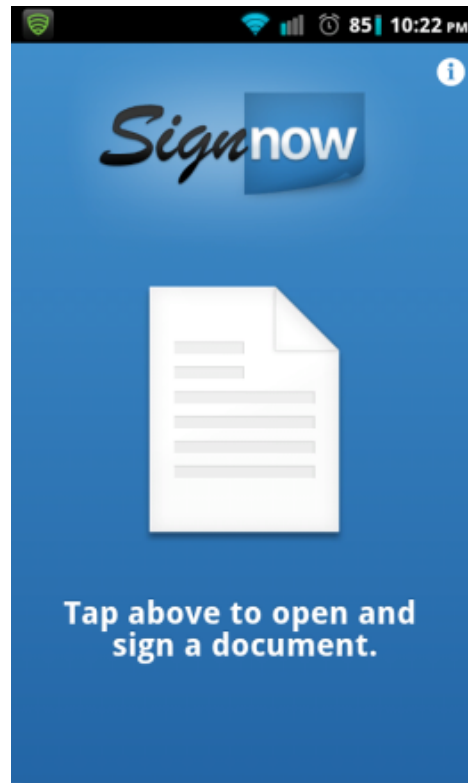| INVESTORS	ADVISORS
Founding Teams	Talent Pools
SERVICE PROVIDERS	F&F

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CONCLUSION

- So Cal is entering a **startup renaissance**
- This place is **A LOT different** than 5 years ago
- Take The Leap
- **Use People** Like Me to Help

- **Go Big** – Big Ideas, **5 Year** Horizon
- ~~Let's Create **The Next Wave**~~   **Join the Wave**

THANKS TO...

SignNow.com / Chris Hawkins

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THANKS TO...

Coupa Cafe / Camelia Coupal

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Pinterest CEO: Here's How We Became The Web's Next Big Thing [DECK]

Ben loves the Valley. This is his local cafe, Coupa Cafe. "Day and night, people are building products."

◀◀   ◀   12/63   ▶

Coupa Cafe

Vimeo

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