Joost Paul Bonsen

MIT Connections
- Lecturer, MIT Media Lab
  - http://mitmedia.mit.edu/jbonsen
- SB, MIT EECS 1990
- SM, MIT Sloan Sloan Fellows (MOT) 2006
- Ex-Lead Organizer, MIT $100K Entrepreneurship Competition
  - Dozen startups my year; continue on Board
- Co-Creator, half-dozen MIT ventures classes
  - E.g. Development w/ Pentland, Neuroven w/ Boyden
- Ex-Leader, MIT Founders Project
  - Published as MIT: Impact of Innovation by BankBoston
- Ex-Board Member, MIT Enterprise Forum Global & Cambridge
- Co-Creator, Howtoons DIY media venture
  - Educational cartoons w/ Griffith & Dragota
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  - Educational cartoons w/ Griffith & Dragota
- Co-Founder, TechLink, Innovation Club, Sustainability@MIT, Tech Testbeds, International Development Network

My Dream = Mens et Manus et Media

My Dream = Mens et Manus et Media

MIT 100K Newcos My Years

Active Impulse Systems

MIT Founders Project
Quantifying Alumni Venture Impact

In 1997
- 4,000 companies
- > 1 Million employees
- ~$250 Billion sales

Today
- Over 25,800 active companies
- > 3.3 Million employees
- ~$2 Trillion world sales
MIT Alumni Venture Exemplars
~ US$ Hundreds of Billions in Market Valuation

MIT Donors’ Source of Wealth

Founding Team & Key Supporter Cases
• Analog Devices
• Digital Equipment
• Teradyne
• Akamai
• Direct Hit (Ask)
• Silicon Spice (Broadcom)
• Virtual Ink/MIMIO
• Gillette (P&G)
• AT&T
• IBM
• Dropbox
• Mok3/Everyscape

Dropbox Founding Team
• Drew Houston on meeting co-founder

Today ~ People Issues
• Why Care?
• Networking
  – Team, Customers, Investors, Supporters, etc.
• Advisory Boards & Professional Counsel
  – Personal & Organizational
• Teambuilding
  – Styles & Complementary Skills & Strengths
• Formalization of Venture
  – Equity & Roles & Phases
• Failure Modes
• Helping Others
What Should Be In A Business Plan?
- Executive Summary (continued)

- The Executive Summary tells
  - Who you are
  - What your strategy/vision is
  - What you are doing and/or propose to do
  - What is the market
  - How many $$$ do you need and what will you do with them
  - What your SUSTAINABLE COMPETITIVE ADVANTAGE is

When the reader is finished he or she should be able to tell someone what you are up to.

What Should Be In A Business Plan?
- Executive Summary (continued)

- The Executive Summary Should Contain:
  - Description of the Business Concept and the Business
  - The Opportunity and Strategy
  - The Target Market and Projections
  - The Competitive Advantages
  - The Economics, Profitability and Harvest Potential
  - The Team

What Should Be In A Business Plan?
- Appendices
  - Separately Bound Volume
  - Resumes of Principals
  - Product Literature
  - Trade Press/Business Press
  - Patents (front page)
  - Testimonials Letters
  - Technical Information
  - Confidentiality
  - Technical person to technical person discussion

Fine Tuning/Targeting the Plan

- Have an Independent Reader Review the Plan
  - One or more independent readers for feedback:
    » Retired industry pro?
    » Customer(s)?
    » Consultant?
    » Professor?
    » Accountant- yes definitely
    » Lawyer- yes definitely

The Business Plan As A Financing Document

- MAKING THE FIRST CUT
  - An Idea Too Good To Ignore
  - A Financial Promise Too Good To Turn Down
  - A Team Good Enough To Believe
  - An Action Plan That’s
    » Credible
    » Focused
    » Details That Give Assurance of Insight, Commitment and Follow Through
  - Format and Style That Show
    » Passion
    » Sanity
The Business Plan As A Financing Document

- **WHY PLANS FAIL, THE FIRST CUT (cont.)**
  - Action Plan Not Credible
    - Too Optimistic
    - Naïve About The Hurdles
    - Runs Off In All Directions
    - Not Ambitious Enough
    - Regulatory Barriers Insufficiently Addressed
    - Gaps Filled By Handwaving
    - No Promises At All
  - Team Not Credible

MIT 100K Business Plan Competition

Networking ~ With Who, Why?

- Teammates
- Temporary Collaborators
- Customers
- Supporters
- Partners
- Advisors
- Investors
- Competitors

Networking ~ Macro Tips

- Everyone you connect with is Potentially Relevant
- You are only a Few Degrees of Separation ...from everyone important to your plans!
- Better to Share Essentials than Keep Secret
- Take Notes of Suggestions
- Orchestrating Serendipity

MIT (and alum) Population

http://web.mit.edu/ir/pop/index.html

http://web.mit.edu/ir/pop/population.jpg
Phases of Innovation @ MIT

Our MIT Internal Ecosystem

Action Labs @ MIT

MIT Development Ventures

Networking ~ Micro Tactics

Where Find People?

- Contact Card
- Elevator Pitch ~ Pithy variations
- Schmooze Events
  - Muddy Charles Pub, Energy Socials, etc
  - Ask the Host for Help
  - Strategic Spots in a Room
- Introduction Tips
  - (Even if don’t remember names…)

- Word of mouth
  - Dorm connections
  - Department links
  - Alum ties
  - Colleagues & friends of classmates
- Lists
- IAP Events
  - Health & Wellness Workshop @ Media Lab, Big Data Hackathon @ Media Lab, QS Hackathon @ NERD, Build-Party @ MITERS, etc
- Extracurriculars
- Classes
Networking ~ Digital Tools

- MIT Infinite Connection
- LinkedIn
- Facebook
- AngelList -- https://angel.co/

- What’s your online presence?
  - Blog
  - Personal website
  - “They will Google you”

Advisors

- Board of Advisors
  - Personal
  - Organizational
- Extended Informal Network

- Often better to seek advice than money…

Other Counsel

- Legal
- PR
- Accounting
- HR
- Strategy
- Market
- Sales

- Interview before choosing
- Use the MIT connections networks…
  - MIT Enterprise Forum Global
  - $100K Entrepreneurship Competition
  - Venture Mentoring Service

Teammates ~ What to Seek

- Complementary Skills
- Getting to know people’s strengths & weaknesses
  - (and live with the weaknesses)
- Stress Test Them…
- Backgrounds of the People
  - Do they look like good fit on paper?
  - Are they in person!?

Assessing Talent

- Seeking Red Flags
- Due Diligence
  - Not enough to just call References
  - Meet in Person
  - Call beyond listed References
  - Follow-up gaps in resume, things they don’t mention
  - Seeking out things they’re uncomfortable with
- Advisors assess and co-interview
  - Especially if unfamiliar roles and skills involved

Team ~ Plan Writing Tactics

- What is it about each team member that makes them essential
- Wordsmith bio & description to appeal to reader
- Who can you add as advisors?
  - (Get their permission!)
Choosing Co-Founder(s)

- Communicating frankly, constructively
- Goal alignment
- Agreeing on division of labor
- Complementary skills
- Experience together, ideally under stress

Co-founding a company like getting married

http://blog.eladgil.com/2012/02/how-to-choose-co-founder.html

Phases of Commitment

- Role in Nuts, in $100K, in Ventures classes, for Incorporation and beyond...
- Agreement to escalate to full-business should be win-win or no-deal, probably at each juncture
- What’s a realistic role in the venture?
  - CEO vs CTO vs Acting CEO
  - CTO vs Founding Engineer
- MIT $100K Legalities
  - Risk of Premature Formalization

Team Challenges & Failure Modes

- Agreeing on How to Disagree
- Founders Percentage Stakes
- Unrealistic Expectations
- Assessing talent from other domains of expertise
- Character Surprises

...lets illustrate with examples

Character (& Personality) Surprises

- Misrepresentations
- Lying
- Broken Integrity
- Mistreating others

...Constantly be looking for clues...

Reputation is cumulative and long-lasting

Core Team Disputes ~ Real Cases

- Meddevice -- Inflated self-opinion; own-it-all
- Officegood -- Firing early bizguv; non-performance
- Softbotics -- Last-minute surprise disagreement
- Chipco -- Lawsuit for founder fee during funding
- Softpix -- VC & CTO gang to eject founding-CEO
- Marketco -- Percent share ownership dispute
- Artco -- Mission creep --> Dispute brewing over time
- Winningco -- Bailout, take % prize fund

Resolving Disagreements

- Ideally have agreement on how to resolve disputes
- Plus agreement to unite behind a decision
- Various mechanisms
  - Trusted Third Party
  - Mediation / Arbitration
  - Howtoons chose Rock-Paper-Scissors!
Culture Crafting

- Early decisions can be hard to shift from
- Poor hires fester unless cauterized
- Cultural habits are developed from beginnings of company
- Founders set the tone, have biggest influence
- Aspiring for and designing the company to scale

Founders Shares

- All Equal
  - Midnight
  - Virtual Ink
  - Squid Labs
- One Dominant
  - Boss
  - IDG
- Mix
  - Vast Majority
  - Proportionate to experience
  - Few rules of thumb

Unrealistic Expectations

- Idea-person owns all (or Biz-person)
- Inexperienced people expect central role
- “Be my own boss” means bossing others around
- “We’re all friends here” …or “we’ll all be professionals here”
- Better put it in writing

Venture Divorce

- Font designers Hoefler & Frere-Jones in Nasty Split
  - http://www.scribd.com/embeds/200243509/content

Tobias Frere-Jones (a “long-time employee” and says his allegations “are not the facts and they profoundly misrepresent Tobias’s relationship with both the company and Jonathan [Hoefler].”) It goes onto say that the company will “vigorously defend itself against these allegations, which are false and without legal merit.”

Going Forward -- Practice Pitches Everywhere

- Keep refining
- Pitch to everyone
- What are you doing
- Why is it worthwhile
- Who are you
- How do you do it
- Where are you starting
- Practice this repeatedly and often to the point where it is second nature and you don’t have the awkwardness of a memorized pitch, but it’s smooth…

Be Part of Bigger or Exploratory Project(s)

- Band together with classmates around larger, shared idea or interest group
- More neutral general domain
- Complements specific venture concept
- Examples:
  - Emerging Market Regional Airlines – Thesis
  - Brazilian Mobile Sector – Customers plus Startup
  - Agri Value Chain – SupplyChange and MIT Food/Ag Collab
  - DIY Kids Education – MIT Department of Play
  - Fashion Interest Group – Several proto-startups at MIT
- This allows you to explore a general area, collaborate between teams, and also to reach out more easily to interview people in competitive industries.
Sectoral Interests (Groups)

- **Geo x Tech x Market x Role x Phase**
- Band together, reinforce each other, leverage your MIT time
- Invites to coffee, beer, etc
- Start w/ grad students...
- Mine the alum DB
  - [http://alum.mit.edu/](http://alum.mit.edu/)

Personal Action Strategy

- What can you **only** do at MIT?
- Leverage the brand
- Don’t be too narrow
- All-purpose excuse to do nearly anything!
- Think holistically about your web of activities -- everything should mutually reinforce
- Systematic weekly action!

Rapid Iterations on Prototypes

- Best ventures built on substantive product or service prototypes
- Start with workflow sketches, even simple mockups and pre-prototypes
- Talk it through with peers and prospective customers
  - Iterate and tweak and escalate
- The goal is to get better quickly and converge on your best possible start-product or service, which can include pruning your earlier, lousier ideas.

Get Early Customer Feedback

- Tap Alum network
- Look for friendly testbed users or markets
- Simple surveys
  - Even preliminary data better than none
- Especially reach out to friends or alums in target market area or domain
- Be creative about early and cheaply validating market need and customer demand

Help Each Other

- Suggest professional connections to friends & colleagues
- Send info links, tips
- Brainstorm around ideas, names
- Be early test users and proto-market feedback
- Be temporary teammate for class or $100K
- Invest in the network and the talent, financially or otherwise

Particularly Good Venture Blogs

Top Entrepreneurship Resources at MIT

- MIT Entrepreneurship Center
  http://entrepreneurship.mit.edu/
- MIT Deshpande Center for Technological Innovations
  http://web.mit.edu/deshpandecenter/
- MIT $100K Entrepreneurship Competition
  http://100k.mit.edu
- MIT IDEAS Competition
  http://web.mit.edu/ideas
- MIT Technology Licensing Office
  http://web.mit.edu/tlo/
- MIT Venture Mentoring Services
  http://web.mit.edu/vms
- Lemelson-MIT Program
  http://web.mit.edu/lemelson/
- MIT Enterprise Forum Global
  http://enterpriseforum.mit.edu/
- MIT Enterprise Forum of Cambridge
  http://www.miterealment.com/cambridge
  ...and more!

Top Innovation Event Listings

- Top MIT page!
  http://web.mit.edu/
- MIT Events
  http://events.mit.edu/
- Fred Hapgood’s Boston Science Lectures
- Xconomy Boston
  http://www.xconomy.com/boston/
- Harvard Events
  http://events.college.harvard.edu/
- Etc…

Upcoming Extracurricular & Curricular Opportunities at MIT

Upcoming Events

- Scaling Development Ventures
  Saturday Feb 8th, 2014
- Various Geo Business Conferences (African, Latin…)
- SWIM, Tech Conference, FutureICT, etc
- MIT IDEAS Competition
  Early Spring 2014
  http://globalchallenge.mit.edu/competition
- MIT $100K ACCELERATE Finale & LAUNCH Kickoff
  Spring 2014
  http://mit100k.org/

February 8, 2014
Exploring innovative, collaborative, market-driven strategies for poverty alleviation at scale.

PAUL POLAK – Keynote Speaker
author of Out of Poverty and The Business Solution to Poverty

SESSIONS:
Appropriate Solutions for Real Needs
Partnering for Scale
A&T Alums Driving Impact

PLUS:
MIT Student Poster Session
Affinity Group Networking Lunch

For more details, and to register:

MIT IDEAS GLOBAL CHALLENGE

Innovative and feasible ideas led by MIT students that make a positive change in the world anywhere in the world.

Joost Bonsen © 2014 ~ jpbonsen@alum.mit.edu ~ http://nutsandbolts.mit.edu/
What’s possible up to $10k per team + 3 x $1500 community choice awards

JOIN US AT
Generator Dinner
Thurs, Feb 13 @7pm!
One of the best places to find your future team

ENTER YOUR
Scope Statement
Tues, Feb 25
On which our reviewers give helpful feedback

MIT IDEAS GLOBAL CHALLENGE
globalchallenge.mit.edu

Keely Swan
kcswan@mit.edu
617 715 5474

The MIT $100K is about Pitching, Accelerating, & Launching

The MIT $100K is about Pitching, Accelerating, & Launching

MIT $100K
pitch
contest
February 20, 2014

MIT $100K
accelerate
contest
May 14, 2014

MIT $100K
launch
contest
May 14, 2014

MIT $100K Entrepreneurship Competition
The World’s Premier Student Entrepreneurship Competition
The MIT $100K is about Pitching, Accelerating, & Launching

Key LAUNCH Dates 2014

- February 20th: Registration Opens
- March 7th: Registration Deadline
- May 14th: Finale

Interested in the MIT $100K?

- Apply to the LAUNCH contest
- Volunteer to help organize
- Attend our awesome events!

D-Lab Scale-Ups is an acceleration platform for MIT innovation addressing global poverty.

Fellowship Program

- $20,000, June 2014 - May 2015
- Access to mentors, networks & skills-building
- Join community of MIT social entrepreneurs fighting for scale

Eligibility:

MIT alum & founder of hardware-based social venture in a developing economy. Vision for large scale impact required.

Class Options

- Don’t be Sloanly
- HBS cross-registration
- Rest of MIT options
  - Course Catalog plus word of mouth
  - http://student.mit.edu/catalog/index.cgi
  - Search by themes, e.g. Energy
- Pick by Professor as well as Subject
Future Classes

**SPRING**
- MAS.533 Imaging & Fabrication Ventures
- MAS.664 / 15.376 Media Ventures
- Technology Strategy
- New Enterprises
- I-Teams

**FALL**
- 15.372 / MAS.665 Development Ventures
- 15.128J / HST.588... Neurotech Ventures
- Energy Ventures

http://entrepreneurship.mit.edu/classes

15.394 Dilemmas in Founding New Ventures

- The goal is to help you avoid startup-team mistakes:
  - Who should I found with? Classmates? Coworkers? Family? Go solo?
  - How do we split the equity among us?
  - What is the “dark side” of VC & how can I keep from losing control?
- We use simulations, case studies, and guest speakers:
  - Negotiate the equity split for an actual company
  - Learn how to build a board; watch a real board meeting from a local startup
  - Hear from Bijan Sabet of Spark Capital, investor in Twitter & Tumblr
- Tues/Thursday 2:30-4 or 4-5:30 (more space at 4pm)
- Stanford, MIT Media Lab and HBS alum Prof. Matt Marx has 3 exits in the speech reco industry >$1B

Action Labs @ MIT
Both For-Credit Curricular & Non-Credit Extracurricular Offerings

**Imaging & Fabrication Ventures**

- **CAMERAS & DISPLAYS, HARDWARE & HYBRIDS, ANALYTICS & APPS**
  - Spring 2014
  - Tues 10am-12noon
  - Media Lab E14-525
  - Professor Sandy Pentland
  - Ramesh Raskar, Joe Jacobson
  - Doug Hart, John Werner, Joost Bonsen
  - First Class ➔ Tues Feb 4th 10am


Media Ventures Method

- **Student-Driven Business Planning**
  - You choose your concept; we help
- **Live Case Studies**
  - No retrospective role-playing
- **Professional Cross-Connections**
  - Participants from 5 MIT Schools, plus...
- **Immersion in Media Lab Ethos**
  - Inventing the future, engaging with industry
- **Real-World Impact**
  - Several dozen alumni’s
- **Venture Plan, Strategic Analysis, or Innovation Roadmap**
  - Several deliverable options
- **Targeting Top Super-Sectors**
  - Health & Wellness, Cities & Sustainability, Learning & Creativity, Commerce & Finance, Civic & Societal

http://www.media.mit.edu/ventures
Alum Ventures From Classes include…

Most of these engaged in MIT $100K and/or IDEAS, participated in VMS, tapped alumni for investment, or otherwise used MIT Venture Ecosystem

Questions?

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http://alum.mit.edu/www/jpbonsen

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