



Lecture 4: Selecting Co-Founders

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MIT AITI Indonesia Summer 2013

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Today's Agenda

- Co-Founder Theory
- Co-Founder Hunt
- Team-Building Exercise
- Homework Assignment
- Today's Key Takeaways

Why do I need a Co-Founder?

- Bounce ideas off of other people
- Emotional support / motivation
- More connections + skills
- Most investors will not fund businesses without co-founders

**RUN TO END
POVERTY**



The Startup Team

Possibly the most important business decision you will make.

"Starting a business by yourself is a recipe for failure... Your partner will help you fight those inevitable fires, help you celebrate the little "wins" and generally keep you sane. A partner will also make sure that the company thrives if you ever need to take a day—or even just a few hours—off."

- Aaron Schwartz | Founder and CEO, Modify Watches



The Startup Team

Entrepreneurship is a team sport – the vast majority of successful startups have several co-founders.

Founding team typically has shared vision / passion, but different skill sets and personalities



The Story of Google...



Larry Page and Sergey Brin, Co-founders

- Met in 1995
- Comp Sci Ph.D students at Stanford
- Both born in 1973, parents had same professions
- Both loved computers
- Strong personality fit
- Founded Google in 1998



Eric Schmidt

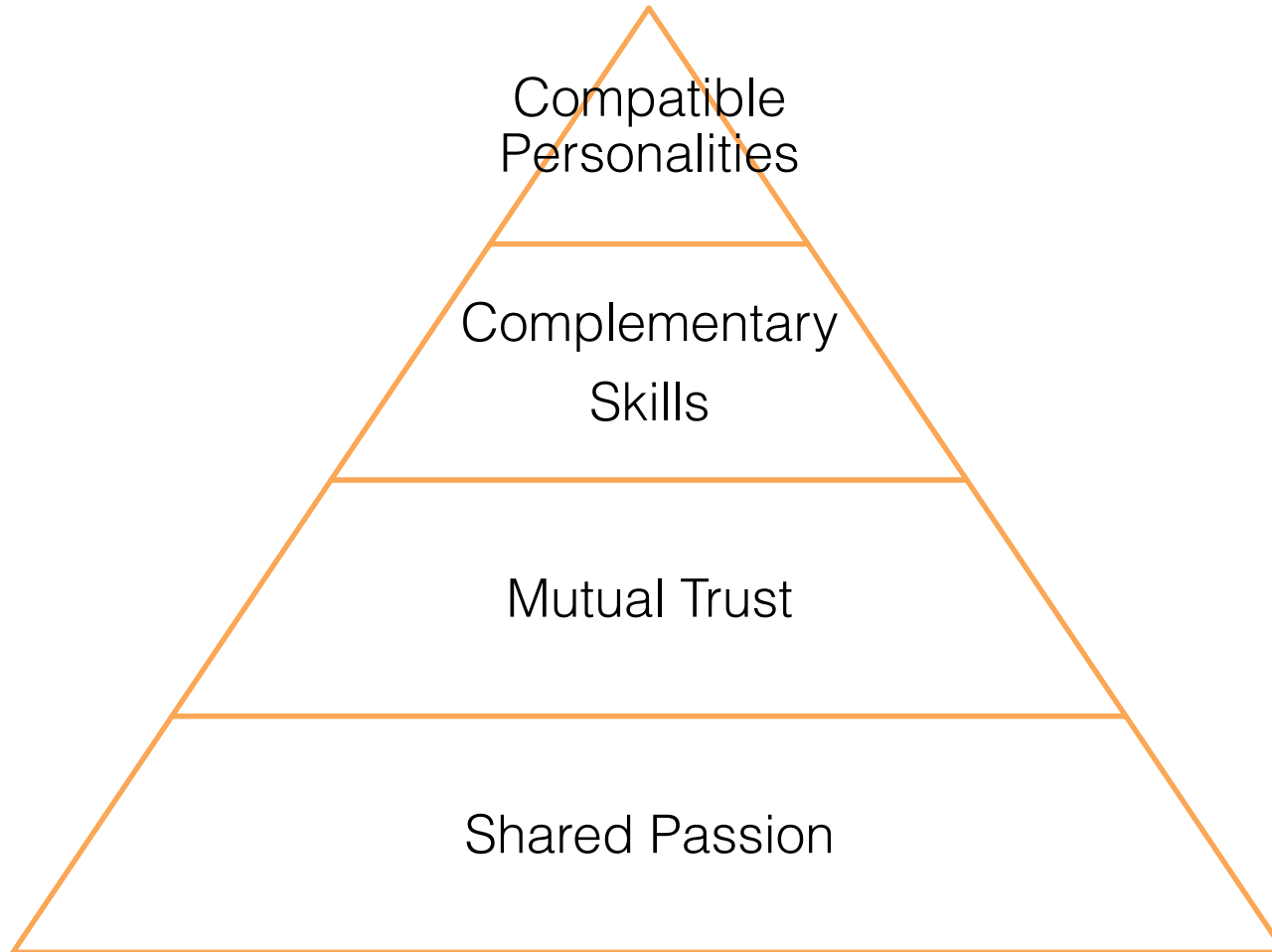
- Experienced CEO
- Formerly of Novell and Sun Microsystems
- Comp Sci engineer
- Entrepreneurial drive
- Joined Google in 2001 to address pressure from VCs



Google's Management Team

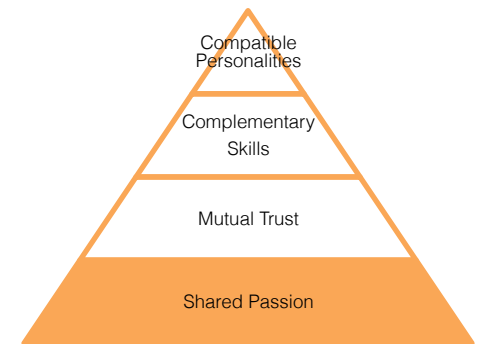
- Combination of personality fit, entrepreneurial drive and professional experience
- Rotating roles!
 - **Sergey Brin**: President of Technology from 2001 to 2011, currently Director of Special Products
 - **Larry Page**: CEO from 1998 to 2001, President of Products from 2001 to 2011, current CEO
 - **Eric Schmidt**: CEO from 2001 to 2011, currently Executive Chairman

Startup Teams



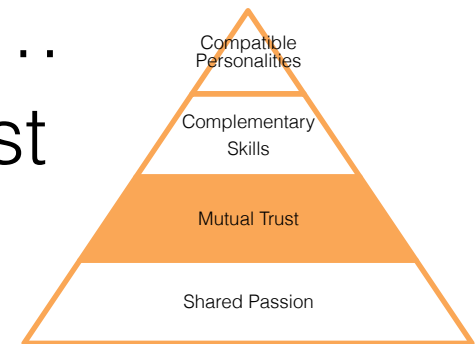
Shared Passion

- Do you share a passion for the same problem?
- Will you both be committed to solving the problem?
- Even when times are bad?



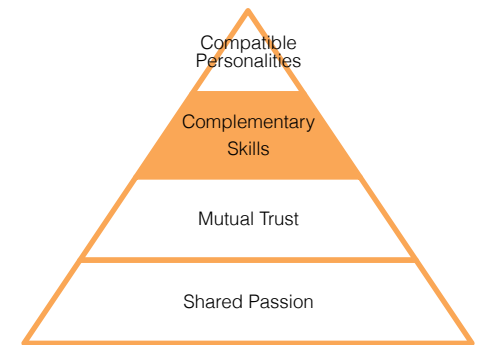
Mutual Trust

- Something **will** go wrong!
- Situations, things, **people change...**
- You need to find someone you trust
 - Will they be loyal?
 - Will they be persistent?
 - Will they be fair?
 - Will they be honest?
 - Will they respect you? Will you respect them?
 - Will they help you be better?
- Believe in your instincts



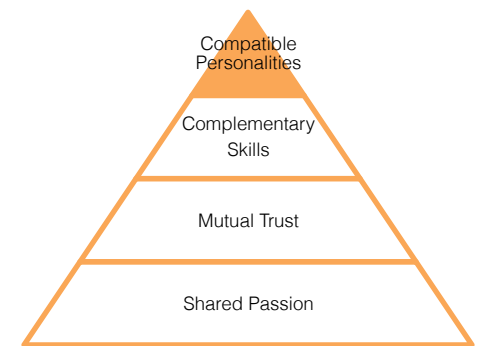
Complementary Skills

- Teammates complement your skills
- Fill in your gaps
- Work together to become more
 - Symbolically: $1 + 1 + 1 = 5$
- Do you have people for every role?
 - Who will coordinate building product? VP Engineering
 - Who will coordinate attracting investors? VP Finance
 - Who will understand & sell to customers? VP Marketing
 - Who will attract & recruit new employees? VP People
 - Who will maintain the passion & organize overall? CEO



Compatible Personalities

- Must get along with each team member
- **Not** necessarily your best friend
- Someone with whom you can...
 - Feel energized
 - **Have fun** and laugh
 - Spend 2-3hrs of free time?
 - Be comfortable openly disagreeing
 - Be comfortable if they disagree with you?
 - Feel comfortable **reaching compromises**



Skills your start-up needs

Technical/Programming

- Developing your product

Business Strategy, Financing

- Tracking financials and planning for the future

Presentation/Sales/Communication

- Pitching to potential investors/customers

Creative/Artistic/Design

- Developing a brand, idea, features

Organizational/Logistical

- Meeting your deadlines, realistic milestones

Also Consider: Roles

CEO: Leads vision, motivation, direction of the company

COO: Oversees all operations

CTO: Responsible for technology issues

CFO: Oversees financing, investor relations, cash flows, profit/loss projections

Decision Making

How will your team resolve different opinions when it's time to make decisions?

You could have a **discussion, then vote** (everyone has an equal say)...

...Or you could discuss, and have the **person who is in charge** of that area **makes the final decision**

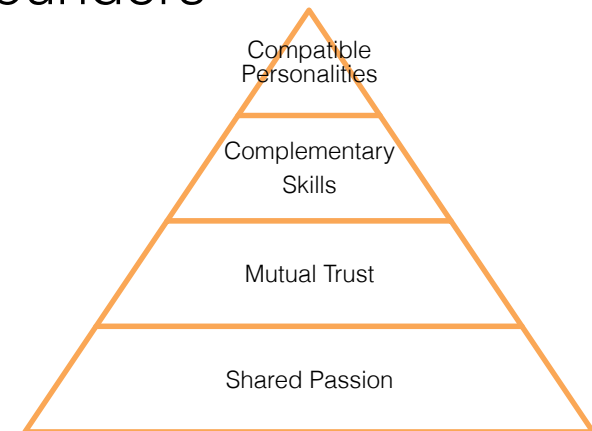
(...lots of other possibilities...)

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Form Teams Today

- You have until **10:00am** to find your co-founders
- 4-6 people per team
- Use the pyramid framework
- Each team must submit a contract
- Everyone must join a team to continue the course
- This is not a simulation. These will be your real teams!
- Choose carefully. **This is the most critical decision you will make!**



Team Contract

- Our team members are:
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
 - 6
- We are all passionate about and committed to solving the problem of _____.
- We all mutually trust and respect each other.
- We have complementary skills and each agree to lead the following roles:
 - CEO: _____
 - VP Engineering: _____
 - VP Finance: _____
 - VP Marketing: _____
 - VP People: _____
 - (Everyone must have a role. No more than two roles per person.)
- We feel comfortable sharing our ideas and voicing our opinions.
- We think we will have fun working together!
- Signatures:

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What do entrepreneurs really do?

- That's enough talking.
- Let's stop *discussing* entrepreneurs, and instead *become* entrepreneurs. Today.
- We will learn by *doing*.

Chocolate Challenge



- Your team is now a chocolate vending business
- You have until 1pm to earn as much money as possible from selling the candy
- The team earning the most money (revenue minus costs – *be honest*) wins
- Each team has an identical set of chocolate
- Late arrivals will be disqualified – be back by 1pm!

Chocolate Challenge



- When you get back, please hand your profit to me, along with your team name
- Take as many photos as possible to document your experience
- Questions?

GO!!!

Chocolate Challenge Results

- And the winning team is...

4th place: Team Adit (25,000 Rp)

3rd place: Team Bagus (47,000 Rp)

2nd place: Team Satriyo (50,000 Rp)

1st place: Team Chocolevel (500,000 Rp)

Why Were They Successful?

- **Winners' Presentation:** Winning team will present their strategy and thought process in 5 minutes.
- **Q&A session:** Other teams will have 5 minutes to ask clarifying questions.
- **Discussion:** All teams will have 5 minutes to discuss the key takeaways for making their own future companies successful.

Winners' Presentation

- Winning team will present their strategy (5 minutes):
 - Who was your target customer? Why?
 - What was your target customer's want or need? How did you determine that?
 - How did you advertise yourselves, and why did you choose this method?
 - What roles and characteristics did team members have? How did these make the team successful?

Team Discussion

- What did you do differently than the winning team?
- If you could do this again, how would your approach change? Why?
- What was your most valuable takeaway from this exercise?
- Be prepared to answer any of these questions when called upon.

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Homework #4: Idea Generation

- As a team, choose 5 problems that are both important for you and can be solved via a mobile application.
- For each problem, describe at least two ideas for how you could solve the problem using a mobile application.
 - Feel free to include your existing company ideas
 - Explain why each idea is a viable business solution to the problem.

Email your ideas to
indonesia-summer-2013@mit.edu
by 12am (midnight)

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- Choosing your co-founders is possibly the most important decision you will make
- As *entrepreneurs*, you must be able to **think on your feet** and **act fast!**
- As a *team*, you must be able to make decisions and act **under pressure**.
- Entrepreneurship is about *acting, learning* and *applying* (over and over and over...)

“Coming together is a beginning. Keeping together is progress. Working together is success.”

- Henry Ford

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- Check your e-mail and the Facebook group for any additional announcements
 - Questions?
 - See you tomorrow!