

**Introduction**

Overview of issues covered throughout the course.

8:30AM Wed, Jan 14, Aldrich Hall 210

**TOPIC**

Course Overview: "Apple's Core"

Steve Jobs and Steve Wozniak are best friends who enjoy pulling pranks together and talking about electronics. After several small collaborations, Jobs pitches Wozniak on starting a company together to sell computers based on Wozniak's design for a personal computer. Wozniak faces decisions about whether to quit the job he loves at Hewlett-Packard to join Apple Computer, how to define his role within Apple, whether to take on Jobs as his co-founder, whether to accept a third co-founder proposed by Jobs, and how to split equity with his co-founders. Early on, they add an outside investor who changes the company's trajectory and who brings in a new chief executive. Later, tensions rise between the two founders as their strategic visions diverge and as the company grows. Wozniak has now learned some disturbing news about his co-founder and has to decide whether that news will affect his continuing collaboration with Jobs.

**MATERIALS**

 [Apple's Core \(809063\)](#)

*EC Weeks 1 & 2 Packet*

**ASSIGNMENT**

1. Is this a good founding team? Why?
2. What should Wozniak do now?

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**End of Introduction**

**When to Found**

At what point in my career should I start a company? What are the pros and cons of different career paths vis-à-vis my ability to successfully start and run a new venture?

8:30AM Fri, Jan 16, Aldrich Hall 210

**TOPIC**

Early Career Decisions: "Humphrey and Cecilia"

Humphrey Chen is in his final semester at HBS and is trying to choose between two career options: An offer from a top-tier consulting firm, and the chance to launch a new venture with a classmate. What should Humphrey do?

**MATERIALS**

 [Poll: Your Own Career Decisions](#)

Please complete this poll by midnight the evening before class.

 [Orientation for Viewing Humphrey Chen \(498036\)](#)

*EC Weeks 1 & 2 Packet*

 [Video: Humphrey Chen - The Idea](#)

Please view this video before class.

 [Poll: "Humphrey and Cecilia"](#)

Please complete this poll by midnight the evening before class.

**ASSIGNMENT****PART 1: POLL ABOUT YOUR OWN CAREER DECISIONS**

Please complete the "Your Own Career Decisions" poll above.

**PART 2: POLL ABOUT HUMPHREY'S DECISION**

Please complete three tasks:

1. Read the short "Orientation" document.
2. View the short video about Humphrey's venture.
3. Complete the poll about Humphrey's decision.

In class, we will watch further video clips and discuss the decision facing Humphrey.

8:30AM Thu, Jan 22, Aldrich Hall 210

## TOPIC

Late Career Decisions: "Big to Small: The Two Lives of Barry Nalls"

Barry Nalls describes lessons learned during his 25-year career--his rise at GTE and shorter-lived ventures--and how these prepared him to found MASERGY, a telecommunications start-up. Even as a young boy in a family of entrepreneurs, Nalls had a reputation as a hard worker, but instead of becoming an entrepreneur himself, he built a long career at "the biggest company around," GTE. After years of working there in sales and marketing, he decided to venture out on his own. His GTE experiences armed him for some entrepreneurial challenges, but also caused additional problems as he tried to start, build, and grow MASERGY. Four years after founding the venture, he now feels that he should have "taken the entrepreneurial plunge" much earlier in life.

## MATERIALS

 [Big to Small: The Two Lives of Barry Nalls \(808167\)](#)

*EC Weeks 1 & 2 Packet*

## ASSIGNMENT

1. Did Barry Nalls' experiences at GTE prepare him to become a founder? How?
2. Comparing the draft of his initial VC pitch and his final version of the pitch, what did Barry learn about pitching to VCs?
3. Was Barry more or less prepared to become a founder than Humphrey Chen was in our last class?

## End of When to Found

**Building the Team**

Should I be a solo founder, or should I try to attract co-founders? If I attract co-founders, who should they be; how should I split the roles with them; and, how should we split the equity within the team? Once I start hiring non-founders, should I hire best athletes or specialists?

8:30AM Fri, Jan 23, Aldrich Hall 210

**TOPIC**

Choice of Co-founders, Equity Splits: "Smartix: Swinging for the Fences"

Vivek Khuller has built Smartix by attracting classmates to co-found it with him, learning how to pitch it to top VC firms and potential strategic partners, and honing the concept and business model by testing it in smaller venues. Now, he is facing the implications of the choices he has made in each of these areas and has to decide how to manage those implications.

**MATERIALS**

 [Smartix: Swinging for the Fences \(808116\)](#)

*EC Weeks 1 & 2 Packet*

 [Poll: "Smartix: Swinging for the Fences"](#)

Please complete this poll by midnight the evening before class.

**ASSIGNMENT**

Please complete the poll above, and think about the following questions:

1. Is this a good founding team? Why?
2. What are the pros and cons of Vivek's approach to splitting equity within the founding team?
3. Do you agree with Vivek's decision to target only the top-five VC firms and only the best venue? Why?
4. Should Vivek accept the current offer from MSG? Why?


8:30AM Wed, Jan 28, Aldrich Hall 210

## TOPIC


Division of Roles, Founder Persistence: "Savage Beast"

For several months, things have been spiraling downwards at Savage Beast, the music-recommendation company started three years before by Tim Westergren. The company's founder-CEO recently left due to pressures both at home and within the venture, dozens of investors have turned thumbs-down on the venture, salaries have been cut, and tensions have risen within the founding team. Now Westergren, the founder who has taken over as CEO, is facing even deeper pressures as he finds out about a lawsuit filed by former employees, and he is wondering if it is time to give up on ever achieving his vision.

## MATERIALS

 Savage Beast (A) (809069)

*EC Weeks 3 on Packet*

 Savage Beast (B) (809096)

*Classroom*

 [Poll: "Savage Beast"](#)

Please complete this poll by midnight the evening before class.

## ASSIGNMENT

Please complete the poll above, and think about the following questions:

1. Is this a good founding team? How does it compare with the Smartix team we studied last class?
2. Was Jon right to quit? Should Tim quit now?

8:30AM Thu, Jan 29, Aldrich Hall 210

## TOPIC

Evolution Across Ventures, Hiring Tradeoffs: "Frank Addante, Serial Entrepreneur"

Frank Addante is a 28-year-old serial entrepreneur who is in the process of building his fifth venture. Of his first four ventures, two were sold, one went public, and in the last he decided to close the venture and return unused capital to his investors. With the passing of each venture, he has learned about forming founding teams, splitting equity with his co-founders, hiring executives to work for him, and when to take outside funding. Now, he's facing pressure from investors who aren't happy with how he is building his current team and are questioning whether he should remain CEO.

## MATERIALS

 Frank Addante, Serial Entrepreneur (809046)

*EC Weeks 3 on Packet*

## ASSIGNMENT

1. Comparing Zondigo to StrongMail, what were the differences in how Frank hired employees for each of those ventures?
2. With StrongMail, what lessons should we learn from Frank's experiences hiring all of his Vice Presidents of Sales?
3. Has Frank changed across the five ventures? How?
4. What should Frank do now?

**IMPORTANT NOTE:** *The "individual role" cases for the UpDown negotiation exercise will be distributed in class today. (The "core" UpDown case that everyone should prepare is already in your case packet.) Each of you will be assigned one of three roles: Michael, Georg, or Phuc. If you miss class, you may pick up your individual-role case from Theresa Gaignard at Rock 316B, [tgaignard@hbs.edu](mailto:tgaignard@hbs.edu).*

8:30AM Thu, Feb 5, Aldrich Hall 210

## TOPIC


First-hand Experience With Equity Splits: "UpDown Negotiation Exercise"


Michael Reich is having severe doubts about how he split the equity with his co-founders two months ago, when they completed a one-page "November Agreement." Since then, Michael has found an angel investor and has worked non-stop on the business, while one co-founder was off enjoying the winter break with his family and the other worked on lucrative consulting contracts for other companies. Michael has just sent his co-founders a proposal that would re-allocate the equity within their founding team, and all three founders are getting ready to reopen a negotiation they thought had been finalized.


This is a **REQUIRED** exercise--ALL students must participate.


## MATERIALS

 [Negotiating Equity Splits at UpDown \(809020\)](#)  
*EC Weeks 3 on Packet*


 [UpDown: Confidential Instructions for MICHAEL \(809021\)](#)  
*Classroom*

 [UpDown: Confidential Instructions for GEORG \(809022\)](#)  
*Classroom*

 [UpDown: Confidential Instructions for PHUC \(809023\)](#)  
*Classroom*

 [Poll #1: UpDown: Pre-negotiation Poll](#)  
This poll must be completed by EVERYONE by midnight 2/4.

 [Poll #2a: UpDown: Post-Negotiation Poll](#)  
This poll must be completed by EVERYONE by 4:00 pm on 2/5.

 [Poll #2b: UpDown: Agreement Terms \(Michael Only\)](#)  
All Michaels must complete both the Post-Negotiation poll **AND** this Agreement Terms poll.  
Michaels must complete this poll by 4:00 pm on 2/5.

## ASSIGNMENT

### BEFORE CLASS

1. Read the **Negotiating Equity Splits at UpDown** "core" case.
2. Read **YOUR** confidential role information and prepare for the negotiation. *If you have not yet received your individual*

## Syllabus for Money and Power in Entrepreneurial Ventures

case, email Theresa Gaignard.

3. Fill out your **Pre-Negotiation Poll** before midnight tonight.
4. Do **NOT** discuss this case or the exercise in your discussion groups.

**DURING OUR USUAL CLASS TIME ON THURSDAY**

1. Negotiate with your group. (You can do this wherever you want. No need to come to Aldrich 210 today.)
2. Complete the **Post-Negotiation Poll** by 4:00pm today.

NOTE: In addition, each team's "Michael" must complete a second, "**Agreement Terms**" Poll.

**NOTICE:** The negotiation results may also be used for a research project, in which case all names will be deleted before the results are analyzed. Nonetheless, the inclusion of your results in the research is voluntary. If you choose not to be included in this research, please contact Toni Wegner, HBS Coordinator, Protection of Research Participants, to opt out. (I will not know that you opted out until after the semester.) You may also contact Toni about questions or concerns related to your rights in this research. Contact info: [twegner@hbs.edu](mailto:twegner@hbs.edu) or 617-496-9952.

8:30AM Fri, Feb 6, Aldrich Hall 210

**TOPIC**

Negotiation Debrief: "UpDown Negotiation Exercise"

Negotiation results will be discussed.

**ASSIGNMENT**

Please reflect on the results of your negotiation: What worked well? What should you change the next time you negotiate an equity split?

8:30AM Wed, Feb 11, Aldrich Hall 210

## TOPIC

Co-founder Tensions, Assembling a Board: "Ockham Technologies: Living on the Razor's Edge"

Ockham Technologies has grown to 10 people in six months and has landed a dream first customer, IBM. Ockham's success has caught the attention of several venture capital firms, and the company is close to deciding which financing offer to accept. Jim Triandiflou, Ockham's founder and CEO, is hesitant to have a large board and is worried about losing control of Ockham. Complicating the decision, tensions have been rising between Triandiflou and his remaining cofounder, who is currently vice president. Triandiflou believes that they can no longer be co-CEOs, and wants to hire a COO so his cofounder can focus on product management, but his cofounder disagrees.

## MATERIALS

 [Ockham Technologies: Living on the Razor's Edge \(804129\)](#)

*EC Weeks 3 on Packet*

 [Poll: "Ockham Technologies"](#)

Please complete this poll by midnight the evening before class.

  [After the Term Sheet \(Optional\)](#)

## ASSIGNMENT

Please complete the poll above, and think about the following questions:

1. As CEO, has Jim Triandiflou done a good job building Ockham's team? Why?
2. Has the founding team done a good job splitting the equity and the roles among themselves?
3. Should Ockham take the offer from the Texas Angel or the offer from Noro Moseley? Why?

## End of Building the Team

**Beyond the Team: Investors and Other Outsiders**

What are the tradeoffs involved in attracting outside capital and other resources? How will my decisions affect my ability to keep control of my venture and also build its value? How should my motivations for becoming a founder affect which choices I make?


8:30AM Thu, Feb 12, Aldrich Hall 210

**TOPIC**

Tradeoffs Beyond the Team: "Managing Segway's Early Development"

For eight years, Dean Kamen has been developing the technology that underlies Ginger, a self-balancing human transporter that he later renames the "Segway." Kamen has decided to spin off Ginger as a separate company, has hired the former president of Chrysler Europe as CEO, and has spent two years building the company. However, major tensions have developed between Kamen and Ginger's senior team, and the company is facing problems with getting the product to market.

**MATERIALS**

 Managing Segway's Early Development (804065)  
*EC Weeks 3 on Packet*

**ASSIGNMENT**

1. Would you want to work for Dean Kamen?
2. Has Dean done a good job getting Ginger/"Segway" off the ground?


8:30AM Thu, Feb 19, Aldrich Hall 210


## TOPIC

Founder-CEO Succession: "Founder-CEO Succession at Wily Technology"

Before he accepts the new CEO position, Richard Williams wants founder Lew Cirne to also step down as chairman of the board. While considering Williams' incredible demand, Cirne reflects on everything he has already given up to get Wily Technology to this point. He agreed to step down as CEO and take what could be a largely symbolic CTO title. He also agreed to give Williams roughly as much equity as he himself owned and far more in salary. As the founder, CEO, and chairman of Wily Technology, Cirne had worked hard to build the skills necessary to lead his start-up. He had developed Wily's early technology single-handedly, had hired 50 employees to help him build his company, and had successfully spearheaded a strategic transformation of his company. He had led Wily to the point where several important customers bought its flagship product and had successfully raised two rounds of financing from top investors. Cirne wonders what he could have done to be pushed to the side like this. What should he do now?

## MATERIALS

 Founder-CEO Succession at Wily Technology (805150)  
*EC Weeks 3 on Packet*

 [Poll: "Founder-CEO Succession at Wily Technology"](#)  
Please complete this poll by midnight the evening before class.

  [Academic journal article: "Founder-CEO Succession and the Paradox of Entrepreneurial Succession" \(Organization Science, 2003\) \(Optional\)](#)

## ASSIGNMENT

Please complete the poll above and think about the following questions:

1. Has Lew Cirne been a good CEO so far? Why?
2. As Lew Cirne, why would Richard Williams want to replace you as Chairman?
3. As David Strohm, if Lew rejects Richard Williams' demand and threatens to leave Wily, what should you do?


8:30AM Fri, Feb 20, Aldrich Hall 210

## TOPIC

Post-succession Issues: "Les is More, Times Four"

"I've had enough! I've decided that I need to resign," read the email from the founder of Webpoint to the company's board of directors. Les Trachtman, the CEO of Webpoint, has to figure out how to react to the founder's "it's Trachtman or me" ultimatum. Webpoint was Trachtman's fourth job as CEO, and in each case he had been hired as the first non-founding CEO, taking over from the founder-CEO of a tight-knit founding team. Trachtman had first taken over from a mother and son team, then from two brothers, then from a wife and husband team, and now from serial co-founders who were best friends. From these ventures, Trachtman had learned how to manage founders who had strong relationships, but those experiences had not prepared him for the current situation.

## MATERIALS

 [Les is More, Times Four \(807173\)](#)  
*EC Weeks 3 on Packet*

 [Poll: "Les is More, Times Four"](#)

Please complete this poll by midnight the evening before class.

 [Rites of Passage \(Optional\)](#)

## ASSIGNMENT

Please complete the poll above, and think about the following questions:

1. Across his four experiences as the first non-founding CEO, what has Les Trachtman done well? Done poorly?
2. What should Les do now?

8:30AM Wed, Feb 25, Aldrich Hall 210

## TOPIC

Choices Across Ventures: "Evan Williams: From Blogger to Odeo"

For several months, founder-CEO Evan Williams has felt trapped, unable to control Odeo and its strategic direction. He longs for the simple days of Blogger, the previous venture he had co-founded. Although his Blogger experiences had included a major blow-up with his co-founder that had resulted in legal proceedings, a brush with near-bankruptcy, and the laying off of his entire team, Williams has become even more disillusioned with his current venture, Odeo. Odeo, a podcasting pioneer, had debuted almost two years before and had gotten off to a very strong start, with a high-profile debut at a prominent industry conference, coverage on the front page of the New York Times Business section, and the raising of a large round of financing from a top-tier venture capital firm. His attempts to find an acquirer have failed, layoffs have begun, and he is now facing a meeting with an increasingly hostile board of directors. At that meeting, he is very tempted to resign so he can move on to his next project and regain the thrill of being an entrepreneur.

## MATERIALS

 Evan Williams: From Blogger to Odeo (A) (809088)  
*EC Weeks 3 on Packet*

 Evan Williams: From Blogger to Odeo (B) (809093)  
*Classroom*

## ASSIGNMENT


1. How has Evan Williams gotten into this mess?
2. What should Evan do now?

8:30AM Thu, Feb 26, Aldrich Hall 210

## TOPIC

Module Reflections for "Beyond the Team"

## MATERIALS

 The Founder's Dilemma, Harvard Business Review, February 2008 (R0802G)  
*Classroom*

 Case poll results from MPEV and TEM

## ASSIGNMENT

1. Before class, I will email you your answers to 3 polls from TEM last year and 2 of our MPEV polls. Are there any patterns in your answers to those 5 polls?
2. Read "The Founder's Dilemma." Of the issues and cases covered in this module, which ones do not fit into the article's argument and framework? How should the framework change to reflect that?

## End of Beyond the Team: Investors and Other Outsiders

## Synthesis: Building and Beyond the Team

Synthesis across all of the founder tradeoffs studied in the course so far.

8:30AM Fri, Feb 27, Aldrich Hall 210

## TOPIC

Career Reflections and Discussion

## MATERIALS

 [Poll: Careers Panel Preparation](#)

Please complete this poll by midnight the evening before class.


8:30AM Thu, Mar 5, Aldrich Hall 210


## TOPIC


Synthesis, Part 1: "The Tale of the Lynx (A)"


The founders of Lynx Solutions have survived major challenges within their board of directors, the firing of Lynx's founder-CEO and departure of its successor CEO, and a crisis sparked by media allegations that it had been spying on its users. Now that the company is finally becoming profitable, the two remaining founders are embroiled in exhausting fights over how aggressively the company should try to grow, and those fights are threatening to derail Lynx's recent success.

## MATERIALS

 The Tale of the Lynx (A) (807151)  
*EC Weeks 3 on Packet*

 The Tale of the Lynx (B) (807152)  
*Classroom*

 [Poll: "The Tale of the Lynx"](#)  
Please complete this poll by midnight the evening before class.

 [Academic journal article: "Stewards, Agents, and the Founder Discount: Executive Compensation in Entrepreneurial Ventures" \(Academy of Management Journal, 2006\) \(Optional\)](#)

## ASSIGNMENT

Please complete the poll above, and think about the following questions:

1. How have James Milmo's decisions differed from the decisions made by the other founders we have studied?
2. What issues should James be most worried about now?

8:30AM Fri, Mar 6, Aldrich Hall 210

## TOPIC

Synthesis, Part 2: "The Tale of the Lynx (B)"

Continuation of the previous class. The "The Tale of the Lynx (B)" case was handed out in the prior class; if you did not receive a copy, please contact Theresa Gaignard at [tgaignard@hbs.edu](mailto:tgaignard@hbs.edu).

## MATERIALS

 The Tale of the Lynx (C) (807153)

*Classroom*

## ASSIGNMENT

What should the Lynx team do now?

## End of Synthesis: Building and Beyond the Team

## Achieving the Entrepreneurial Ideal

How have some founders managed to build valuable ventures while still maintaining control of them? What general lessons can we learn from these founders about the decisions we should make at the outset and throughout the building of our ventures?

8:30AM Wed, Mar 11, Aldrich Hall 210

## TOPIC

Case: "Playing With Fire at Sittercity (A)"

To help her finance her aggressive expansion plans, Genevieve Thiers plans to raise venture capital for the first time. She has spent the last six long years building Sittercity into the nations leading babysitting web service, larger than all of its competitors combined. In the process, she brought her boyfriend and his sister into the business to help her, and ended up learning important lessons about mixing family and business. Now looking to raise venture capital, Thiers has just received an email from a general partner at a top VC firm, proposing another meeting and asking her to bring to the meeting an extensive list of proprietary information. This was a promising development, but Thiers was unsure whether she wanted to discuss Sittercity in such depth, especially when the venture capital firm had refused to sign a non-disclosure agreement. How should she respond?


8:30AM Thu, Mar 12, Aldrich Hall 210

## TOPIC

Case: "Rubbish Boys"

It looked like founder-CEO Brian Scudamore might not be able to pursue franchising as a growth option for his junk-removal business after all. Over the years, he had overcome many hurdles, including buying out his "too-fiery" co-founder, firing all of his employees so he could start all over again when he became disillusioned with the company's developing culture, and failing at experimenting with student franchising to increase the rate of growth. Now looking to expand within North America, he had turned to a professional franchising model and had developed a new brand to help grow the business. Paul Guy, his first franchisee who was beginning his operations in Toronto, had just called. "Brian, my wife's relative just told me that I'm crazy to open here because the city picks up things for free. It's crazy to charge \$300 to pick something up when they can get the same service for free! We had never heard of that in Vancouver, but that's a big problem here!" Was Guy over-reacting, or had Scudamore made a major mistake in his growth strategy?

## MATERIALS

 Rubbish Boys (808101)  
*EC Weeks 3 on Packet*

 [Poll: "Rubbish Boys"](#)

Please complete this poll by midnight the evening before class.

8:30AM Thu, Mar 19, Aldrich Hall 210

## TOPIC

Exits: "Nantucket Nectars"

The founders of Nantucket Nectars are trying to decide whether to sell their company. The case describes how the founders started the company and grew the Nantucket Nectars brand name.

## MATERIALS

 Nantucket Nectars (898171)

8:30AM Fri, Mar 20, Aldrich Hall 210

## TOPIC

Case: "FeedBurner"

## End of Achieving the Entrepreneurial Ideal

**Semester Wrap-up**

8:30AM Fri, Apr 24, Aldrich Hall 210

**TOPIC**

Semester Wrap-up

Forward-looking Reflections

**End of Semester Wrap-up**