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
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 Microsystem
- 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

Compatible Personalities

Complementary Skills

Mutual Trust

Shared Passion
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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Today’s Key Takeaways

• 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

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