

BEE/CSS 371 Business of Technology  
Winter 2017  
Lecture 2

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# Tonight's agenda

1. Entrepreneurs and opportunities.
2. Brainstorming exercise.
3. Negotiation: Selling a Maine house.
4. Discuss the Jack Dorsey video.
5. Next time.

Entrepreneurs

# From Technology Ventures

**Entrepreneurs** are people who identify and pursue solutions among problems, possibilities among needs, and opportunities among challenges.

# my definition

An entrepreneur is someone who starts or acquires a business.

# Characteristics of entrepreneurs

## The Elements of Overcoming a Challenge

- Able to deal with a series of tough issues
- Ability to create solutions and work to perfect them
- Can handle many tasks simultaneously
- Resiliency in the face of set-backs
- Willingness to work hard and not expect easy solutions
- Possess well-developed problem solving skills
- Able to learn and acquire the necessary skills for the tasks at hand

They can be any age but a lot of them start in the 20s or 30s.

## A little more usefully sorted by age

<b>Entrepreneur</b>	<b>Enterprise started</b>	<b>Age</b>	<b>Year</b>
Dell, Michael	Dell Computer (USA)	19	1984
Zuckerberg, Mark	Facebook (USA)	20	2004
Shwed, Gil	Check Point (Israel)	25	1993
Erin, Sergey	Google (USA)	27	1998
Huateng, Ma	Tencent Inc. (China)	27	1998
Plattner, Hasso	SAP (Germany)	28	1972
Rottenberg, Linda	Endeavor (Chile, Argentina)	28	1997
Lerner, Sandra	Cisco (USA)	29	1984
Dorsey, Jack	Twitter, Square (USA)	30	2006
Bezos, Jeff	Amazon.com (USA)	31	1995
Goyanechea, Rosalia	Zara (Spain)	31	1975
Li, Robin	Baidu (China)	32	2000
Benioff, Mark	Salesforce.com (USA)	35	1999
Ma, Jack	Alibaba.com (China)	35	1999
Yunus, Muhammed	Grameen Bank (India)	36	1976
Tanti, Tulsi	Suzlon Energy (India)	37	1995
Zennstrom, Nikalas	Skype, Kazaa (Sweden)	37	2003
Greene, Diane	VMWare (USA)	42	1998
Ibrahim, Mo	Celtel (Africa)	42	1998
	Average age	31	



What's the difference between  
an idea an opportunity?

An **opportunity** is a favorable juncture of circumstances with a good chance for success or progress. It is the job of the entrepreneur to locate new ideas and to put them into action.

**An Attractive Opportunity**

**Finding the Right Opportunity**

- Timely
- Solvable
- Important
- Profitable
- Favorable Context

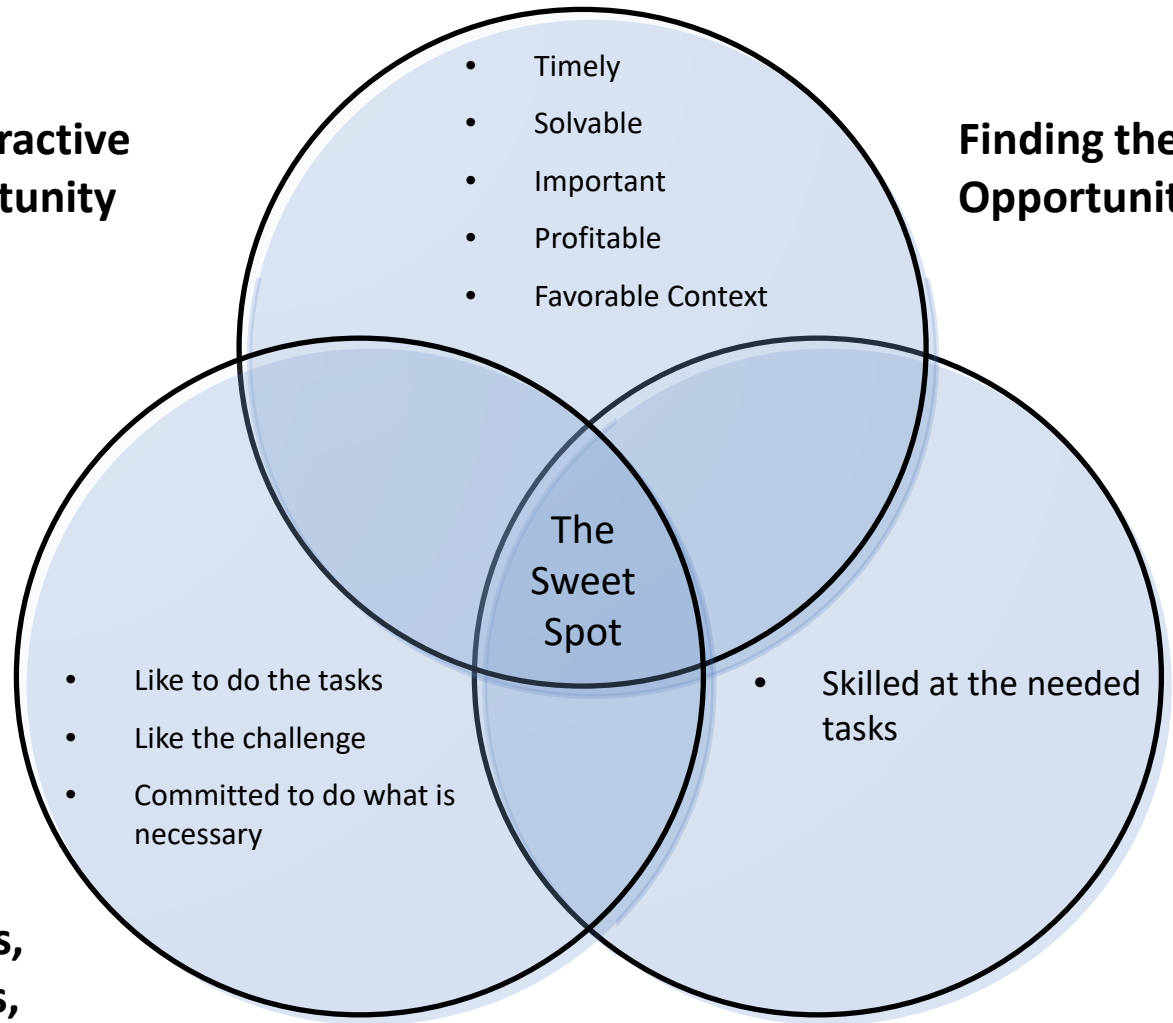
**The Sweet Spot**

- Like to do the tasks
- Like the challenge
- Committed to do what is necessary

- Skilled at the needed tasks

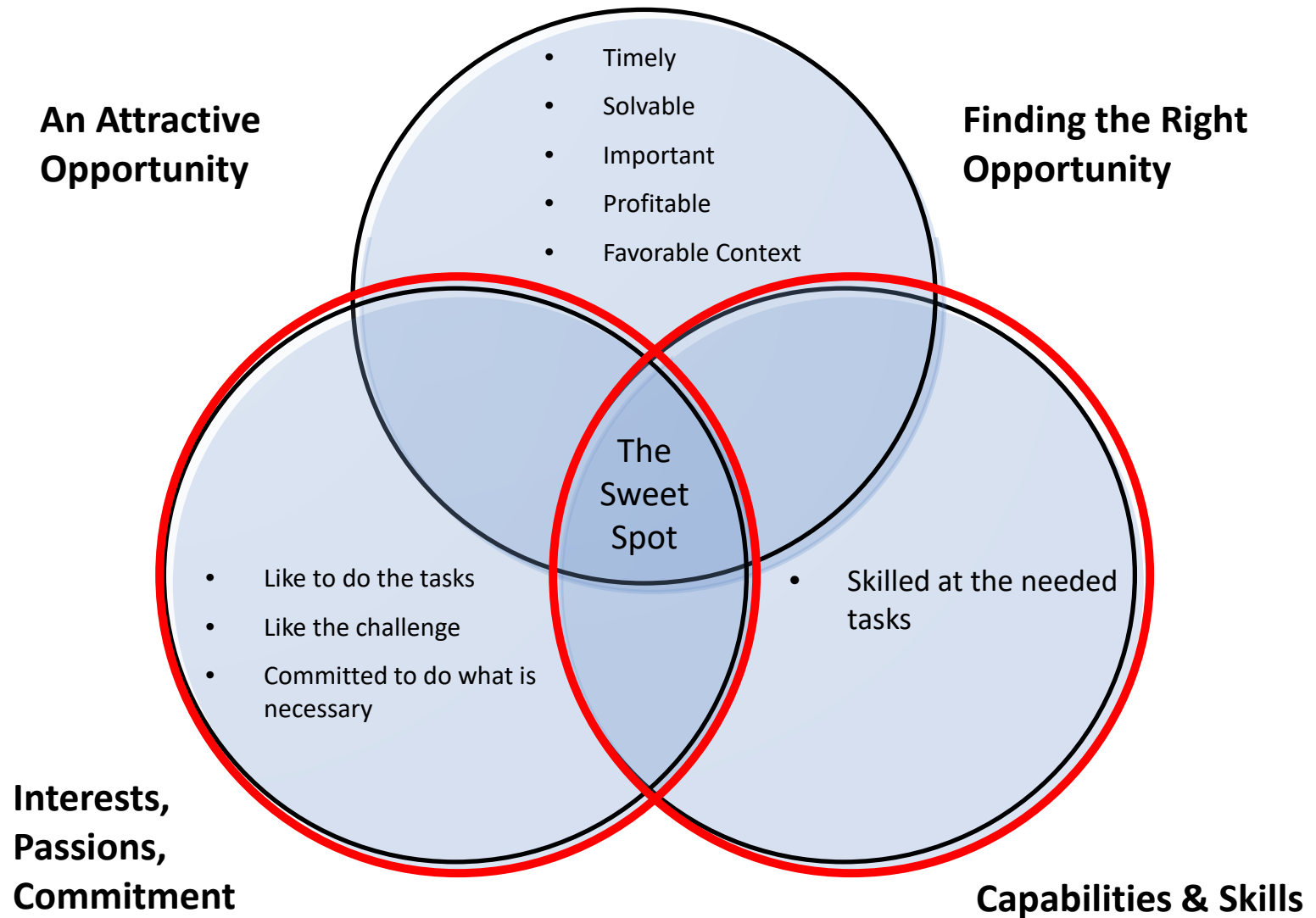
**Interests, Passions, Commitment**

**Capabilities & Skills**



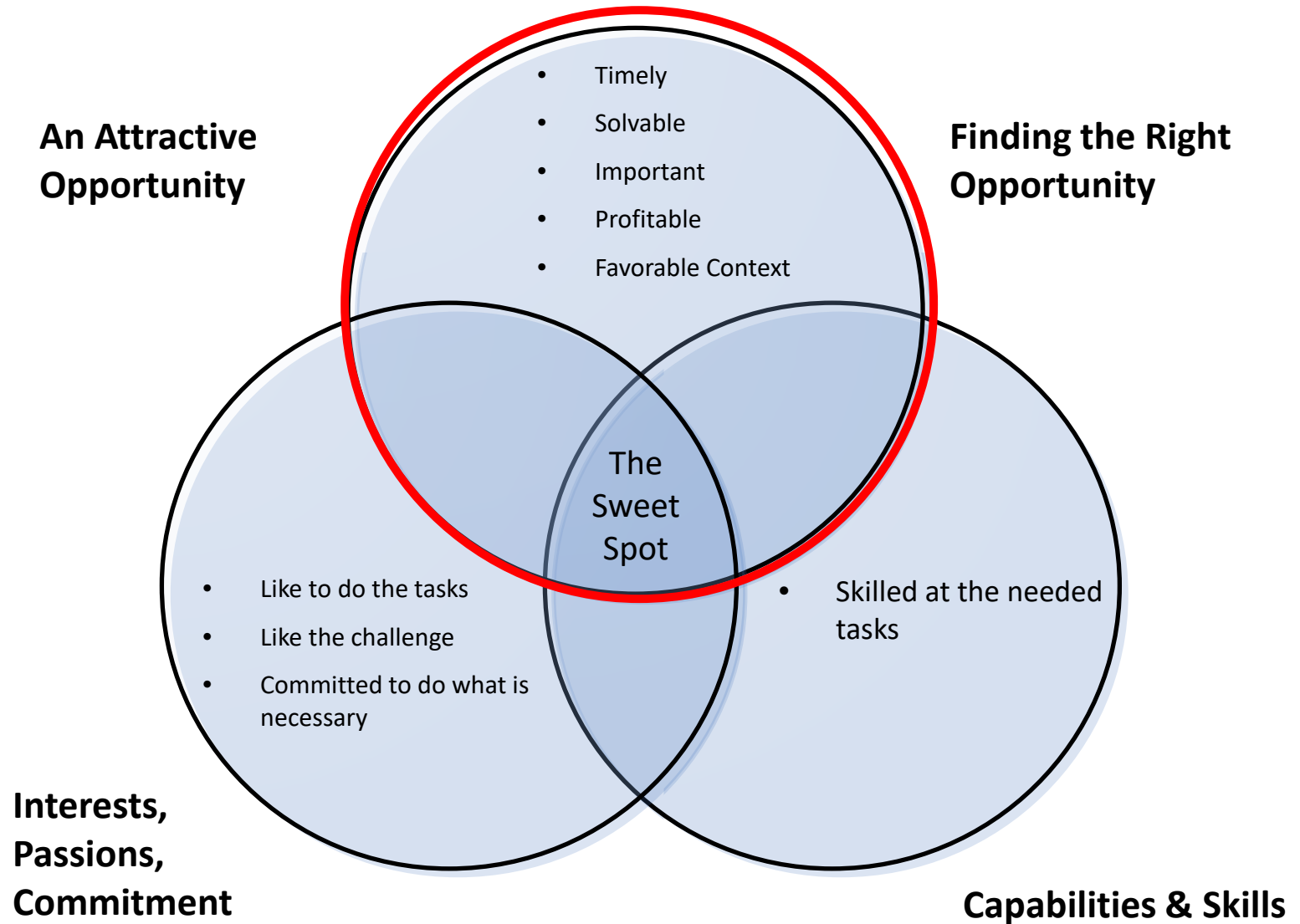
Your brainstorming assignment.

When you're looking for a job, focus on the bottom.



What do you bring to the table and what do you want from life?

Focus on the top circle for brainstorming.



Make a BIG list of ideas then throw away the bad ones.

# Brainstorming

Start with lots of ideas, throw away the bad ones.

Look for ideas that fall in the sweet spot.

Avoid non-serious ideas like “cure for cancer” and “teleportation”.

Think about your decision criteria, e.g., your interests, capabilities and skills and whether the problem is actually solvable.

# An example

This took me maybe a half hour.

1. Instead of a big AV receiver and speaker wires, true high fidelity high power wireless AC-powered speakers that configure themselves to their positions in the room using a microphone.
2. A desktop search application similar to the (now unsupported) Google desktop search.
3. A search appliance or application for websites and documents, e.g., a lawyer's case files or an internal website that Google can't crawl.
4. A mobile "go fetch" app that can find and retrieve files from your desktop or laptop or save them there.
5. A mobile app that can exchange messages like WhatsApp but without having to use their server to pass the messages. (Either pass them directly or through your own computer.)
6. A metal finishing business, e.g., anodizing or powder-coating.
7. A drone business, e.g., a manufacturer with a first drone product, perhaps a hobbyist drone kit, a retail operation that specializes in drones sales & service, perhaps to the government, or a company that operates them, e.g., for realtors.
8. A sound direction-locating instrument using a phased array of microphones for locating squeaks in a car or elsewhere.
9. A 3-D printer company and a first 3-D printer product.
10. An Android app to sync your calendar with Outlook.
11. A solar panel installation business.
12. An electric bicycle business and a first product.
13. A bicycle store on or near the UWB campus.
14. A robotic cappuccino maker for the home.
15. A robot vacuum cleaner company and a first product.
16. A personal cloud device, something low-powered, always on, about the size of a FireTV or AppleTV that can be a turnkey personal secure website, email, calendar, message and dropbox server.
17. A laptop or smartphone-based digital oscilloscope.
18. A good fast-food fish and chips / clam strips restaurant in Redmond.
19. An immersion cooler using the Peltier effect you can stick in your drink.
20. A WiFi or Bluetooth-enabled automatic plant watering system for indoor growers.
21. A Bluetooth or WiFi-enabled alarm clock that you can program over the web or with a mobile app.
22. A messaging app that uses Tor.



# Negotiations

# Examples

1. Buying a car from a dealer.
2. Buying or selling a car from through Craigslist.
3. Buying or selling a house.
4. Negotiating a starting salary or title.
5. Negotiating a quantity discount.
6. Negotiating a licensing agreement.
7. Negotiating with a potential investor.
8. A union negotiating with an employer.
9. Where to have dinner with friends.
10. With your spouse about whether it's a good time to have another child.

# Bargaining is cultural

Americans expect to pay posted prices except on cars and houses or when buying outside the usual retail channel.

People growing up in other parts of the world often expect to bargain over everything.

**Everything** is negotiable.

**Everything** is negotiable  
until you find out for sure it's not.

Going into a negotiation, it's helpful to know:

1. What you want.
2. The minimum you would accept.
3. What you think the other side would accept.
4. What happens if you don't get an agreement.

*Example:* Buying a new car, you might research typical prices paid or dealer invoice prices.

Lots of negotiations are purely distributive.

One party's gain is the other's loss.

Zero sum.



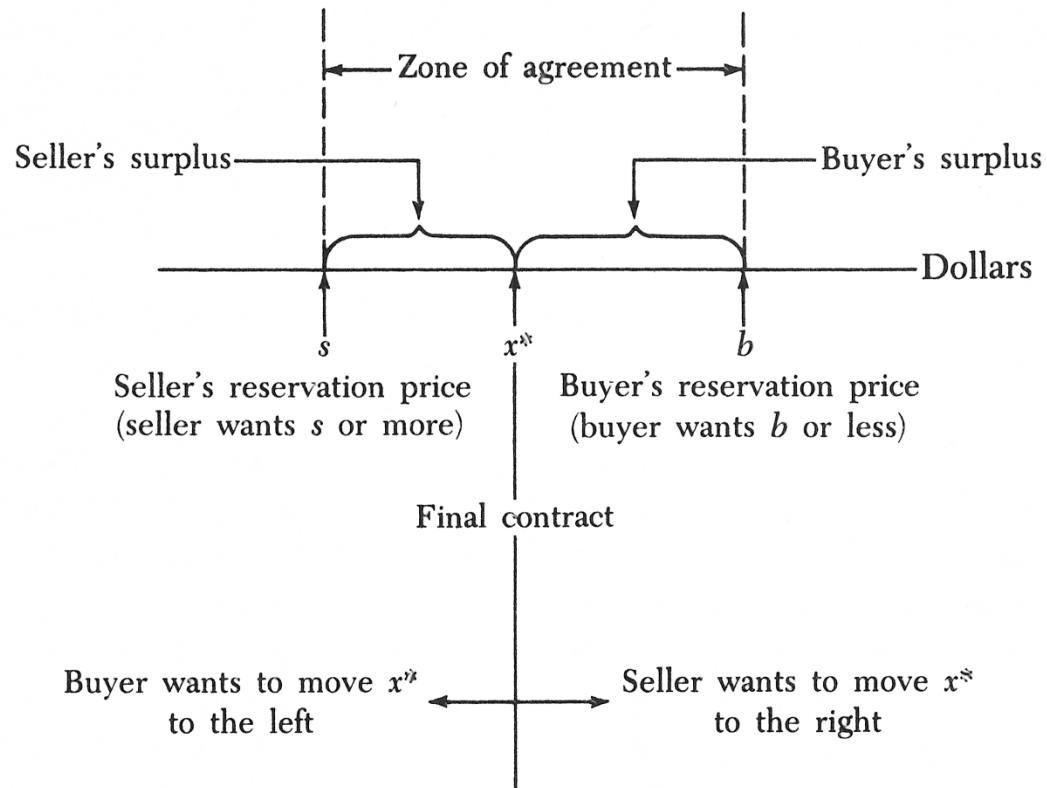


Figure 2. The geometry of distributive bargaining. (Note: If  $b < s$ , there is no zone of agreement.)

Source: Howard Raiffa, *The Art & Science of Negotiation*, p. 46.

## 48 / TWO PARTIES, ONE ISSUE

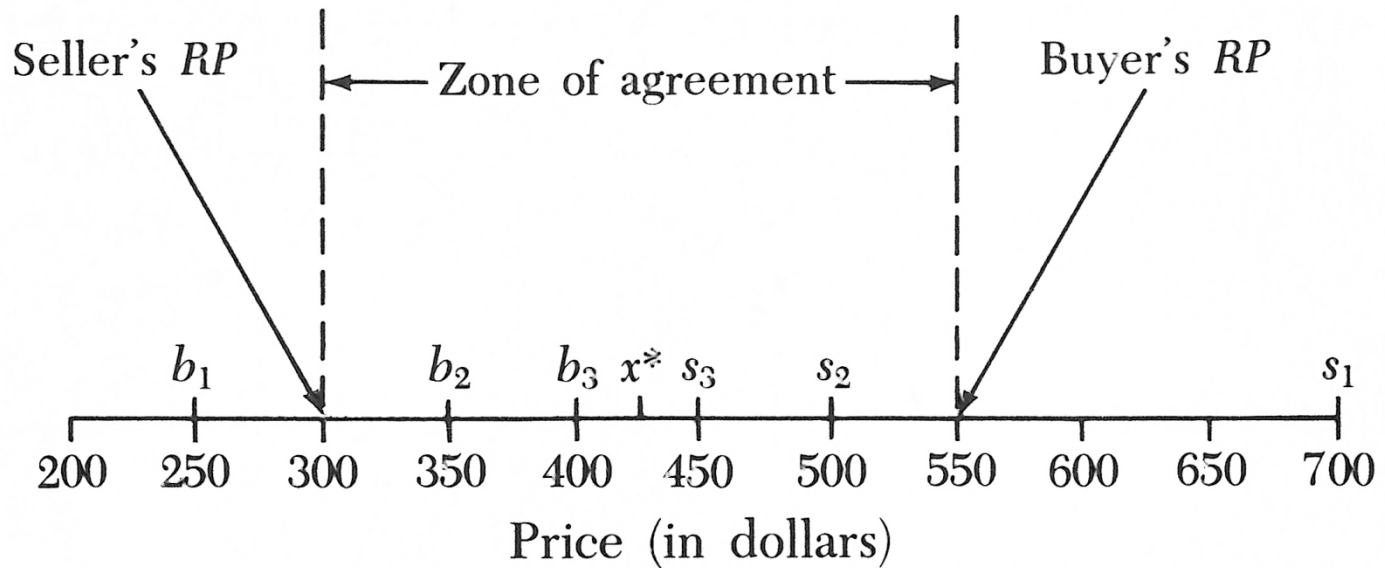


Figure 3. The negotiation dance ( $x^*$  = final-contract price).

Source: Howard Raiffa, *The Art & Science of Negotiation*, p. 48.

A new negotiation exercise

# Selling a Maine house

Game designed by Bill Samuelson at Boston University.

Some of you will be buyers, others sellers.

Not all of you will have the same information.

You will have 10 minutes to read and prepare for the negotiation and 15 minutes to do it and report.

How many think they did really well?  
Did anyone get skunked (zero profit)?  
Strategies that worked or did not work?  
How many chose the 17 acre option?  
How many chose the 14 acre option?

What worked well  
or not so well?

# Observations

Make the pie bigger. Try to create a larger zone of agreement to share.

Negotiations tend to end in the middle between the opening offers.

Biggest mistake is being too generous in the first offer. Need to ask for a lot but not so much that the expected midpoint is outside any zone of agreement. Helps to compare offers by calculating profit.

Helps to ask questions like, “Suppose we changed the deal this way? What would that do?”

It also helps to be obstinate but being unreasonable doesn't help.

Lots of negotiations end “on the courthouse steps.”

# Two versions

All buyers had same information:

Reserve price of \$150K for house + 17 acres  
or \$127K for house + 14 acres

“A” sellers:

Reserve price of \$120K for house + 17 acres  
or \$107K for house + 14 acres

“B” sellers:

Reserve price of \$120K for house + 17 acres  
or \$85K for house + 14 acres



# “A” pairs

House + 17 acres:

Buyer's reserve \$150K

Seller's reserve \$120K

“Profit” to be split **\$ 30K**

House + 14 acres:

Buyer's reserve \$127K

Seller's reserve \$107K

“Profit” to be split \$ 20K

Most “A” pairs should pick the house + 17 acres option because there's more profit to split.

# “B” pairs

House + 17 acres:

Buyer's reserve	\$150K
Seller's reserve	\$120K
“Profit” to be split	\$ 30K

House + 14 acres:

Buyer's reserve	\$127K
Seller's reserve	\$ 85K
“Profit” to be split	\$ 42K

Most “B”  
pairs should  
pick the  
house + 14  
acres option.

# Results

I will tabulate and report the results next week.

In the next negotiation, I'll pair the top sellers from this exercise against the top buyers to find out who's really good at this.

# Jack Dorsey video



<http://ecorner.stanford.edu/authorMaterialInfo.html?mid=2635>

Who is he?

What was his childhood like?

# Jack Dorsey

Founder of ... ?

Father was an ... ?

Liked to put as much of what on what?

Had a rule never to ...?

# Jack Dorsey

Founder of Twitter and Square

Father was an entrepreneur, opened Two Nice Guys pizza restaurant in St. Louis, MO at age 19.

Liked to put as much meat on one pizza as he could, the “Tim special”.

Had a rule never to date the wait staff, then they hired Jack’s mom, Jack was born 10 months later.

Jack grew up in an urban? rural? atmosphere and became fascinated with what?

1984 / 1985 They got ...?

Created what? with moving dots?

Wanted what kind of messages?

Had what? and got interested in what? for vehicles?



Jack grew up in an urban atmosphere and became fascinated with maps and how to get from here to there.

1984 / 1985 They got their first Mac and PCjr.

Created a simple map on the screen with moving dots for vehicles but the dots had no meaning.

Wanted status messages also.

Had a police scanner and a CB and got interested in dispatch software for tracking vehicles.

How did he get a job?

Approached the largest dispatch company, DMS in NYC, which had just gone public on the NASDAQ.

Hacked into their server and sent mail to their CEO and chairman.

“You have a hole in your website.”

A week later, they flew him out and he had a job visualizing NYC and a lot of data.

Would that work today?

What was his first messaging application?

Inspired by Instant Messenger, he built a simple email application for his Blackberry that allowed him to forward and broadcast messages.

Announced “I’m at Golden Gate Park watching the bison.”

What happened?

1. No one cared.
2. No one had a Blackberry.

Where did he go next?



Went to ODEO, a consumer podcasting company.

No interest in podcasting but wanted to understand the consumer side.

No one else there liked podcasting so there was a call for new ideas.

2005 / 2006 what arrived?

What was did he like about the devices and the technology?

What did he get an idea to do?

How long did it take to write it?

What happened in 2008?

2005 / 2006 SMS arrived with 160 character messages. Liked that it degraded nicely to the cheapest devices and that it was “rough around the edges”.

Had the idea of using SMS to send messages telling what you’re doing and have it archived.

2 weeks to write the initial software, wrote his first Tweet inviting coworkers.

Eventually spun out as a separate company.

In 2008, became chairman of Twitter.

Advice about recessions?

“No better time to start a company than in a depression or a recession.”

# Square



Source: <http://www.wired.com/2014/07/exclusive-square-bets-big-on-next-gen-credit-card-tech/>

How did Square start?

What did he invent?

How long did it take to build a prototype?



Friend couldn't make a \$2000 glass sale with a credit card, even with an iPhone.

So he invented a small credit card reader for an iPhone.

Hired one programmer and had a prototype in a month.



How did he make \$600?

What really inspires people?

Charged angels and VC's \$5 or \$50 to show them his idea.

(Made \$600 that way.)

The thing that really inspires people is a working product.

What was his story about the  
cappuccino receipt?

Tells a story of ordering cappuccino with a CC.  
Lots of paper generated and thrown away at the end.

Receipts aren't even nicely designed and there are no analytics available.

94% of commerce is offline and there are no tools.

Believes it's important to instrument everything.

Twitter was flying blind for 2 years.

First thing he wrote at Square was an admin dashboard.

What did he say about stories?

Good storytelling is important.

“Power of a story.”

User narratives make easy to relate to the story.

Reads like a play, allows everyone to know what must be done.

Tell one epic cohesive story, not lots of short stories strung together.

What does he think is the job of the CEO?

Believes his job as CEO is an editorial function.

“1000 things we could be doing but only 1 or 2 are really important.”



What are the axis points?

# 3 axis points

1. The team dynamic and recruiting. Best people in, negative elements out.
2. Internal and external communication.
  - Internal is 30/60/90/1 year goals and vision.
  - External is the product.
3. Money in the bank, which comes from investors and revenue.

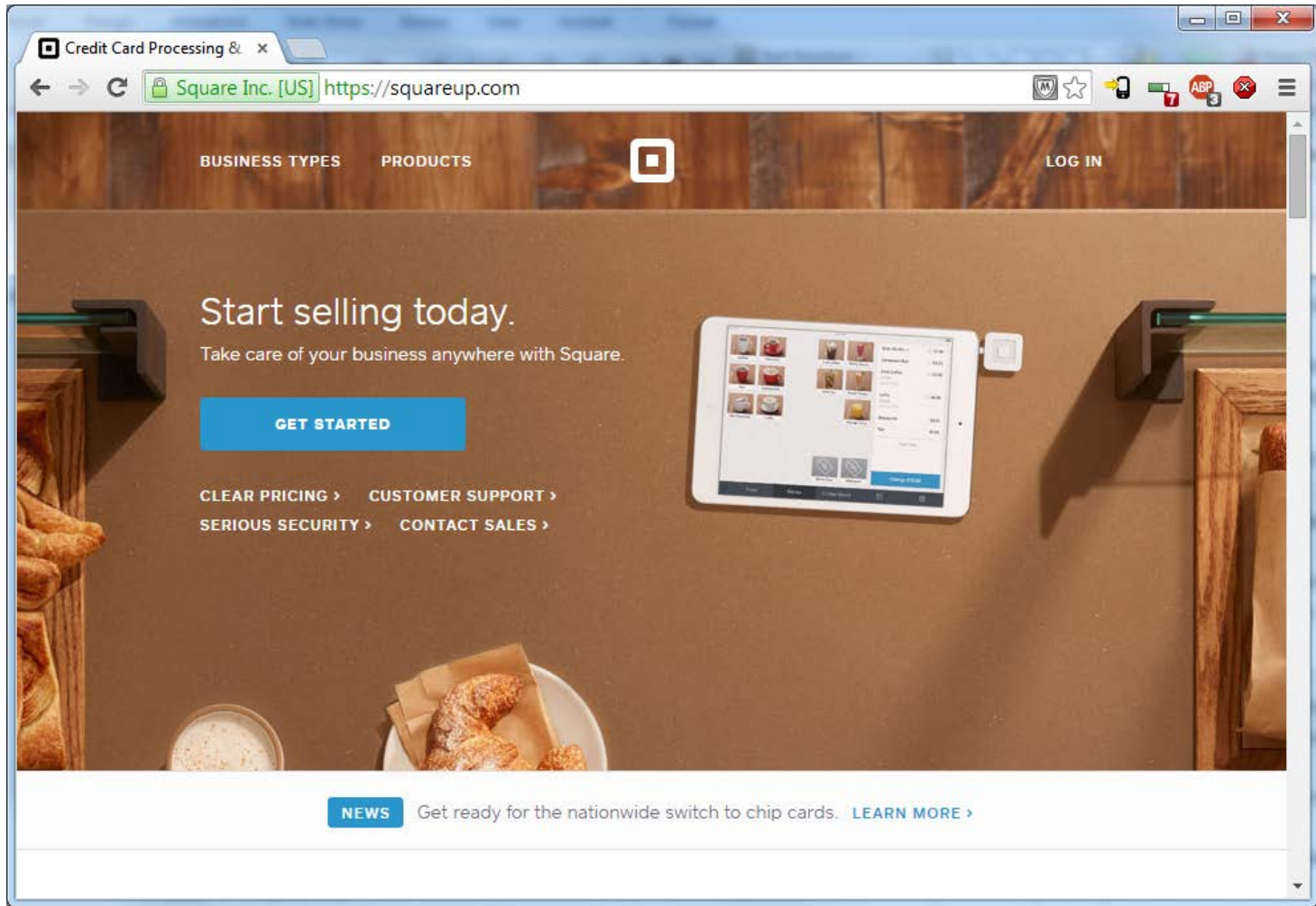
What did he say about detail?

Every detail perfect.

Limit the number of details.

Expect the unexpected and whenever possible, be the unexpected.

How are they distributing their card readers?



The reader is free. They give them away at taco trucks.

Identify key influencers.

5000 taco trucks.

300 people visit each one every day.

10% to 30% have small businesses.



How long does he have to make a sale?

3 to 5 seconds to inspire someone to take action.

1 week to get them to participate.

1 month to make them users forever.

# Selling points

Solves a real problem.

No setup or monthly account fees, unlike a merchant account.

Flat 2.75% discount.

Open to anyone. Use it for selling stuff on Craigslist.

What is Jack Dorsey passionate about?

How does he define an entrepreneur?

What's different and what's the same between Twitter and Square?

What do you think Dorsey learned from Twitter that helped him with Square?

How else did the experience help him?

Why does Dorsey think stories are important? What's the best way to tell a story?

Do you think Dorsey will be as successful with Square as with Twitter?

What could go wrong?

PayPal Here: Credit Card F x

PayPal, Inc. [US] <https://www.paypal.com/webapps/mpp/credit-card-reader>

**PayPal** Buy ▾ Sell ▾ Send ▾ Business

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Now available on Android tablets

# Postscript: Two Nice Guys has closed.

The screenshot shows a web browser window with the address bar displaying `blogs.riverfronttimes.com/gutcheck/2009/01/trattoria_two_nice_guys_kirkwood_st_louis_food_blc`. The page is titled "FoodWire: Two Nice Guys" and features a navigation menu with categories like VIDEO, NEWS, CALENDAR, MUSIC, RESTAURANTS, ARTS, FILM, BEST OF, PROMO, and CLASSIFIEDS. A search bar is also present. Below the navigation is a banner for "Gut Check" with a yellow background and a white bowl. The main content area is titled "Restaurant News & Reviews" and features the article "FoodWire: Two Nice Guys and Trattoria Two Closed" by Ian Froeb, dated Jan. 8 2009 at 11:08 AM. The article text reads: "George Mahe has the unfortunate news at **Feast**: The casual Italian restaurant **Two Nice Guys** and its upscale dining room, **Trattoria Two**, have closed. A note from owner and chef Chris Kramer (pictured right) says the Kirkwood restaurant couldn't continue 'one more day' given the current economy." To the right of the text is a photo of chef Chris Kramer. Below the text is a comment: "I liked Trattoria Two quite a bit when I reviewed it in late 2006. Best of luck to the Kramers and the rest of the Two Nice Guys/Trattoria Two". To the right of the main article is a "Now Trending" section with three items: "Gelateria Tavolini Closing", "Chef Chat: Simone Faure of La Patisserie Chouquette", and "Food of the Greater STL Hispanic Fest". At the bottom right is a "From the Vault" section with a photo of a chalkboard menu.

FoodWire: Two Nice Guys

blogs.riverfronttimes.com/gutcheck/2009/01/trattoria\_two\_nice\_guys\_kirkwood\_st\_louis\_food\_blc

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**Gut Check**

**TOP BLOG STORIES**

- BaiKu Sushi Opens 10/6 By Nancy Stiles
- Fall Cocktails at Olio By Patrick J. Hurley
- Food of the Greater STL Hispanic Fest By Nancy Stiles

**Restaurant News & Reviews**


## FoodWire: Two Nice Guys and Trattoria Two Closed

By Ian Froeb Thu., Jan. 8 2009 at 11:08 AM Write Comment

Categories: Restaurant News & Reviews

Like Share 1 Tweet 0 Submit

George Mahe has the unfortunate news at **Feast**: The casual Italian restaurant **Two Nice Guys** and its upscale dining room, **Trattoria Two**, have closed. A note from owner and chef Chris Kramer (pictured right) says the Kirkwood restaurant couldn't continue "one more day" given the current economy.



I liked Trattoria Two quite a bit when I reviewed it in late 2006. Best of luck to the Kramers and the rest of the Two Nice Guys/Trattoria Two

**Now Trending**

- Gelateria Tavolini Closing
- Chef Chat: Simone Faure of La Patisserie Chouquette
- Food of the Greater STL Hispanic Fest

**From the Vault**

# Next time

Watch the Steve Jobs videos

Form your groups

Work on essays, group pictures and brainstorming.

Finish up Technology Ventures chapters 1 & 2



The image is a screenshot of a web browser displaying a YouTube video. The browser's address bar shows the URL <https://www.youtube.com/watch?v=UF8uR6Z6KLc>. The YouTube search bar contains the text "steve jobs stanford commencement speech 2005". The video player shows a man in a black graduation gown speaking at a wooden podium with the Stanford University seal. The podium is in the foreground, and several people in red and black graduation gowns are seated in the background. The video player interface includes a progress bar at 1:15 / 15:04, a volume icon, and a play button. Below the video player, the title "Steve Jobs' 2005 Stanford Commencement Address" is displayed. The channel name "Stanford" is shown with a "Subscribe" button and a subscriber count of 390,887. The video has 20,526,044 views. To the right of the video player, there are two recommended video thumbnails: "Bill and Melinda Gates' 2014 Stanford Commencement Address" by Stanford (176,565 views, 24:41 duration) and "Oprah Winfrey's 2008 Stanford Commencement Address" by Stanford.

Steve Jobs commencement address at Stanford in 2005.  
<https://www.youtube.com/watch?v=UF8uR6Z6KLc>



1980 Steve Jobs, 4 years before Macintosh

<https://www.youtube.com/watch?v=0lvMgMrNDlg>



1984 Introducing Macintosh.

<https://www.youtube.com/watch?v=2B-XwPjn9YY>

Steve Jobs Explains The Blue Box

devour.com/video/steve-jobs-explains-the-blue-box/



0:25 / 2:21

LIKE / 68   TWEET / 41   DEVOUR / 0

### STEVE JOBS EXPLAINS THE BLUE BOX

STEVE TELLS HOW HE AND THE OTHER STEVE BUILT ILLEGAL BLUE BOXES TO MAKE FREE LONG DISTANCE CALLS, AND HOW THERE WOULD BE NO APPLE TODAY IF THEY HADN'T BEEN SUCH HOOLIGANS. ALSO, IS IT JUST US, OR DOES THE KEYPAD ON THAT BLUE BOX REMIND YOU OF THE IPHONE HOME SCREEN?

px/