

# Kauffman Fellows Program

## Class 16 Session Guide

### Module VI

Dear Kauffman Fellows Class 16,

Welcome to Module 6 of the Kauffman Fellows Program. The focus of this module is on “**Synthesis: A Career in Innovation**” and will emphasize the frameworks and tools used by leading venture practitioners that have enabled successful career development. The entire entrepreneurial food chain depends on trust, transparency, risk-sharing, and empathy. The high-level concepts of Module 6 are:

1. Several of the speakers in this Module are building the next generation of venture funds. Some are emerging leaders, some are legends. Some have created new funds while some have re-engineered existing brand names. Almost all are refocusing on smaller funds with a greater emphasis on the needs of portfolio companies.
2. Emotions remain somewhat mixed globally regarding the role and future of venture capital. While the financial performance of the industry overall has been poor compared to the 1990's, pockets within the venture industry are thriving and there continues to be demand for proven investors who can work with entrepreneurs and help grow exciting organizations.
3. Some endowments are fleeing the industry while corporates are increasing their presence significantly. It might be argued that this cycle is happening in a strong buyer's market for the first time in modern history.
4. A broken small-cap IPO market has impeded exits and overall financial performance considerably. What happens to US-based innovation if this situation remains unresolved?
5. Investors, like the entrepreneurs they back, need to build distinctive strategies based on unique personal strengths. Never has the time been better for professional investors who know themselves, can understand the global landscape, and can draw and navigate a path of leadership.

Again, welcome and we look forward to a robust and insightful week together.

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## **Session 1: Conflict to Creativity**

*Speakers:* Ward Ashman, Ian Schmidt, Amy Huang, Trimergence LLC

### *Session Goals:*

Conflict naturally occurs when people have differing opinions and tend to see their own opinion as accurate and ultimately correct. Creativity is activated when people are open to diverse points of view, which are then integrated into a new and innovative perspective. By using Trimergence' Conflict to Creativity model you can apply the skills to successfully navigate these conflict situations to collaborate and generate creative breakthroughs. Key to using these skills is to remember that conflict is actually an indicator of the opportunity for collaboration, potential for synergy, and creative outcomes.

Leaders require this communications skill set in order to activate and drive highest quality solutions. Those leaders that use this simple, yet powerful tool can grow quickly and master their interpersonal relationships, thus naturally rising to the top. Those leaders who use conventional interpersonal styles erode their influence, and miss opportunities by getting stuck in relationship breakdowns, which then require a command and control approach. Those leaders who are not able to manage conflict well lose their influence via the relationship breakdowns they unwittingly create. Which type of leader are you now? Most importantly, which type of leader do you want to be?

### *Questions to Ponder:*

- What is my approach to conflict? Do I aggressively push my position or do I back off to avoid conflict?
- Which do I value more in my conversations: convincing people of my perspective or listening thoroughly to the point of view of others?
- Where have I seen the value of diversity of perspective that has led to new and creative breakthrough solutions?
- How have I facilitated creative breakthroughs and conflict transformation in the past?
- How can I better facilitate other's authentic expression of charged and/or vulnerable thoughts and feelings?
- What aspect of my conflict style am I most familiar with and how do others perceive me in conflict historically?
- What loss have I incurred in the past by choosing my historic style of conflict?
- How would I like to show up in conflict in the future? What would this look like?
- What would I gain by managing conflict as an opportunity for creative partnership?

*Notes:*

## Session 2: Venture Investor: Evolution of the Firm

*Speaker:* Ray Rothrock (Mentor Class 4), Venrock

*Session Goals:*

It's well understood that every entity has to evolve in a competitive environment or cease to exist, and we'd like to understand how a family office evolved into Venrock, one of the true pioneers of U.S. venture capital. To discover the connection between the Rockefeller family roots in aviation investments like Eastern Airlines and McDonnell Aircraft (from the 1930's) and 44 successful years of investing over \$3 billion in 460 companies (145 of which have gone public and another 152 have been acquired). Ray Rothrock, a Class 3 Mentor of the Kauffman Fellows Program, began with Venrock as an Associate in 1988 and now serves as General Partner of the firm. Venrock has offices in New York, Palo Alto, and Cambridge.

*Questions to Ponder:*

- What are the secrets to the longevity of a venture firm?
- Are there Rockefeller values that permeate the culture of Venrock to this day?
- What were some of the more difficult crossroads confronted?
- Is there a philosophy to recruiting and developing talent?
- What led to the initial investment in Check Point, long before Israel was an obvious hot spot for technology?
- How do you see other emerging regions of the world, such as China and India? Are there regions of interest that others don't focus on?
- With LP liquidity issues and IPO woes, how do you feel about the future of venture capital as an industry? How do you make the argument?
- As someone new to the industry, how can you have the kind of impact on entrepreneurs that these speakers and their firms have had?
- What is the source of optimism for the industry going forward? What concerns you?

*Notes:*

### Session 3: Venture Investor: Career Path

*Speakers:* Gaurav Aggarwal (Mentor 15), Investor Growth Capital  
Ted Maidenbergl (Class 12), The Social+Capital Partnership

#### *Session Goals:*

This session is designed to facilitate discussion about career paths in venture capital. Venture partnerships and opportunities within them are highly variable, but certain common themes exist around individual performance measurement and criteria for advancement. External environmental factors as well as unique organizational dynamics can significantly influence career progression. How can you maximize the factors within your control and best manage those outside your control? Together we will highlight some basic goals and opportunities for managing one's own venture career progression and some strategies for getting the most out of each career stage.

#### *Questions to Ponder:*

- How can you optimize the applicability of your background, training, and education to venture capital?
- What goals should you set for yourself, irrespective of the firm you are working for?
- What are some universal criteria for success within venture capital? Within venture capital *firms*?
- What degrees of freedom do you have within your firm as an investor and as a team member? How do you earn more?
- Who are the leaders and your potential advocates within your firm?
- How can you try to understand the organizational dynamics, strengths, and politics of a firm before joining? Once there?
- How can you participate in standardizing the criteria for advancement?
- Are there ways to create a support structure for career progression outside your firm? What makes for good mentors and role models?
- What are the roles and responsibilities that come with career advancement?
- What are your *long-term* career goals and what mark do you want to leave on your firm? On the industry?

*Notes:*

## **Session 4: Field Project Clinic**

*Facilitator:* Phil Wickham (Charter Class), Center for Venture Education

*Session Goals:*

While the field project is a requirement for graduation from the program, it should be viewed as a powerful and unique opportunity that has a measurable window of opportunity. Your field project should be an extension of your personal journey – the same story that got you into the program. It should reflect your personal and career interests, as well as those of your firm or organization. In this session, we will dig deeper into the field project process and explore areas for further investigation.

*Questions to Ponder:*

- What ideas or opportunities close to your expertise can the Society help you explore more deeply?
- What do you want the brand of “you” to be when you graduate from the Program in July?
- How does this project impact that brand?
- How can you leverage the work of those Fellows before you?
- How might your work inspire those who come after you?
- Who else besides your firm will care about your insights?
- Who else might you get involved in the project early on?
- How else might your insights get distributed?



*Notes:*

## **Session 5: Singles vs. Homeruns: How to Develop a Balanced Approach to Your Portfolio and, When Necessary, Deal with Difficult Situations**

*Speakers:* Sarah Reed, Charles River Ventures  
Ezra Roizen, Ackrell Capital

*Session Goals:*

At its core, institutional venture capital investing is a “hits driven business,” meaning that for most successful portfolios a small number of companies will drive the bulk of the returns. That said, there can be an over-focus on the few golden eggs at the expense of the overall basket. Designing a balanced professional approach, which increases the number of successful outcomes from your portfolio, will improve your return profile, enhance your reputation, reduce risk, and could be the difference between success and failure for a “hitless” portfolio.

And for those times when the basket contains what can only be truthfully described as a rotten egg, we will discuss how to extricate yourself as efficiently and painlessly as possible, and how to avoid the legal traps for the unwary in those cases.

*Areas to be covered:*

- Singles aren’t homeruns, but enough of them can mean a winning season
- The targets you set at the board level define the amount of risk the company’s management takes
- How minority investors can lead through influence
- On-going relationship development with potential acquirers is a powerful hedge
- Venture investing is a multi-game game, be a positive player
- Managing the end game
- The legal 411

*Questions to ponder:*

- What typically leads to portfolio companies getting into trouble? Is it execution or something else?
- What are telltale signs of management issues? Can you catch them early?
- How do you create change at the board level if you’re junior or in a small ownership position?
- When a portfolio company holds no more future promise, what should be your objectives, and what are your options?
- How do I stay out of trouble, at a time when stakeholders may be looking to find a culprit, a scapegoat, or a deep pocket?

*Notes:*

## **Session 6: Working with Corporate/Strategic Investors**

*Speakers:* Kevin Jacques, Intuit

### *Session Goals:*

Innovation is rapidly becoming a focus for most global corporations. Most large institutions are realizing that attractive margins come from new, high-growth products, but they lack the ability to develop these ideas in-house, organically. As a result, the global venture eco-system and corporate players from all industries are working more closely with the startup world.

This session will get inside the thinking of a large corporation that had been (not too many years ago) a venture-backed Silicon Valley startup. We hope to gain insight into how this pioneer in financial services responds to emerging opportunities from the startup world.

The goals of this session are to get inside the thinking of the large corporations your portfolio companies are trying to sell to or sell through, or that may acquire them; to understand the motivations of your counterparts working in Corporate Strategy or Business Development at large public companies; and to assess the advantages and disadvantages of having a corporation as a co-investor or a fund investor.

This session is also an opportunity to better understand the porosity of the boundaries in thinking practiced by the most advanced innovators in Silicon Valley, that innovation is sparked by crossing boundaries and avoiding limits of other people's definitions.

### *Questions to Ponder:*

- Are you limited as an innovator while inside the walls of a large company?
- What are typical career paths between corporate and venture jobs? Should you get big company experience to be a better venture investor?
- How have the behaviors of venture funds and large companies become more similar over the years? (eg, Kleiner's "Keiretsu" model)
- What drives corporate behavior in the startup world? How can that understanding improve the entrepreneur's success?
- Why would a corporation operate a venture fund or invest in one?
- Under what circumstances might a large public company become a customer of a venture-backed startup?
- What are the considerations a corporation makes in assessing the acquisition of a startup?
- When does a startup/corporate partnership have the best chance of succeeding? A joint venture?

*Notes:*

## Session 7: Wheel of Fortune

*Speaker:* Tom Baruch (Mentor Charter Class), CMEA

*Moderator:* Phil Wickham (Charter Class), Kauffman Fellows

*Session Goals:*

Tom Baruch, co-founder of CMEA, recently celebrated his 50th anniversary in technology. One goal of this session is to take away the most valuable lessons of Tom's remarkable journey thus far. A second goal is to dive into the next chapter of Tom's journey, a robust collection of venture activities, educational impact, philanthropy, policy leadership, and technology networking that he refers to as his "Wheel of Fortune". Tom's wheel is an inter-connected network of leading organizations with a common goal of enabling new commercialization of technology and building exciting new companies.

*Questions to Ponder:*

- What were the key events the past 50 years in Silicon Valley? Why should we care going forward?
- What's changed and what's stayed the same?
- What traits enable an investor to survive and thrive over five decades?
- How do you feel about the next 50 years?
- When should one begin the investment in relationships to enable such a wheel of activities?
- What and who can be networked within such a personal ecosystem?
- What is the role of "celebration" in the innovation landscape?
- What can government do to make innovation more effective?
- What is the condition of universities today? What can they be doing better in innovation?

*Notes:*

## Session 8: Entrepreneur Panel

*Entrepreneurs:* Alicia Morga, No. 8 Media Inc.  
Paul Lego, Bespoke Innovations  
Matthew Monahan, Inflection  
Ben Choi, CoffeeTable

### *Session Goals:*

Your most important customer as a venture investor is the entrepreneur. Before you pack up all of the great wisdom of three days from so many practitioners, we end with a sanity check from a group of very experienced and accomplished entrepreneurs. This group should help you synthesize the more important bits of wisdom from the Module and, in many ways, those of the past two years.

### *Questions to Ponder:*

- How does empathy for the CEO translate into improved returns to your LPs?
- What mistakes are made most commonly by young entrepreneurs early in their idea development?
- How do entrepreneurs decide which ideas to take forward?
- At each inflection point in a CEO's career, what analysis did s/he undertake to make the next decision and take the next step?
- As you managed others, are there skill-sets you wished you had developed that did not come naturally through specific industry and professional experience?
- Are there skill sets that were particularly well-developed through this professional experience?
- How does one go about acquiring the skills required to be an effective CEO?
- How does the investor assess and provide support based on the skill set of an entrepreneur?
- How does leadership style mature during a CEO's tenure, and what might be some experiences that forced it to evolve?



*Notes:*