

# CS 4081 ENTREPRENEURSHIP & HIGH TECH VENTURE CREATION

Lecture 2 – Different Forms of Entrepreneurship

# The Entrepreneurial Process



- Gather Good Ideas
- Filter for Good Opportunities
- Construct the Business Plan
- Assemble the required team
- Assemble the required capital
- Execute the Plan
  - ▣ Overcome the setbacks
  - ▣ Be prepared to change the plan

# Types of Entrepreneurship



- Commercial Entrepreneurship
- Intrapreneurship
- Social Entrepreneurship

# Commercial Entrepreneurship Example:

## Yahoo Inc



- Disclaimer – Speed of development is characteristic of Internet Bubble period
- Feb'94: David Filo & Gerry Yang at Stanford start Dave & Gerry's guide to the WWW
- Grows to “Yet Another Hierarchical Official Oracle” (Yahoo)
- Autumn'94 – a million hits a day
- April'95 : Sequoia Capital invests \$2million

# Yahoo - II

- Hire Tim Koogle – veteran of Motorola as CEO, Jeff Mallett of Novell as COO
- Dave & Gerry become Chief Yahoos
- Autumn'95 – 2<sup>nd</sup> Round funding from Reuters Ltd. & Softbank
- April'96 – Launched IPO with just 49 employees raising \$33.8m
- By 2015, Yahoo was a global firm – market cap: \$26 billion, 11,000 employees
- June 2012 – 3 years declining revenues – Marissa Meyer is 4<sup>th</sup> CEO to try turn company around

# Yahoo III

- Spent a lot of money trying to acquire renewed 'coolness'  
: [https://en.wikipedia.org/wiki/List\\_of\\_mergers\\_and\\_acquisitions\\_by\\_Yahoo!](https://en.wikipedia.org/wiki/List_of_mergers_and_acquisitions_by_Yahoo!)
- 2016 company starts to disintegrate – bought by Verizon for \$4.5bn (June 2017) – big data breach – stake in Alibaba becomes most valuable asset

# Intrapreneurship

- ▣ Large Companies try to capture the innovation that the entrepreneurial process liberates by encouraging Intrapreneurs
- ▣ Surmounts the Innovators Dilemma
- ▣ Example: The development of the IBM PC
  - Carried out by dedicated team at Boca Raton, Florida
  - Worked outside of all corporate processes
    - speed, freedom of choice (CPU, OS etc)
    - Concept to machine in 12 months
    - When finished, the corporate systems kicked in to deliver
- ▣ Steve Jobs and Macintosh development
  - A group of people going back to the garage





# Rules of the garage.

Believe you can change the world.  
Work quickly, keep the tools unlocked, work whenever.  
Know when to work alone and when to work together.  
Share — tools, ideas. Trust your colleagues.  
No politics. No bureaucracy. (These are ridiculous in a garage.)  
The customer defines a job well done.  
Radical ideas are not bad ideas.  
Invent different ways of working.  
Make a contribution every day. If it doesn't contribute,  
it doesn't leave the garage.  
Believe that together we can do anything.  
Invent.

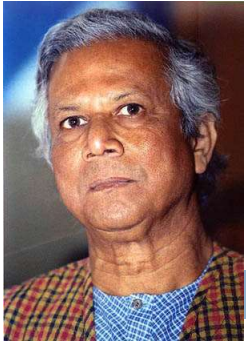


# Social Entrepreneurship



- Applying the Entrepreneurial Process where commercial success is not the objective, but rather achieving some social good
- <Video of Vinod Khosla on Problem Solving Process>






# Social Entrepreneurship

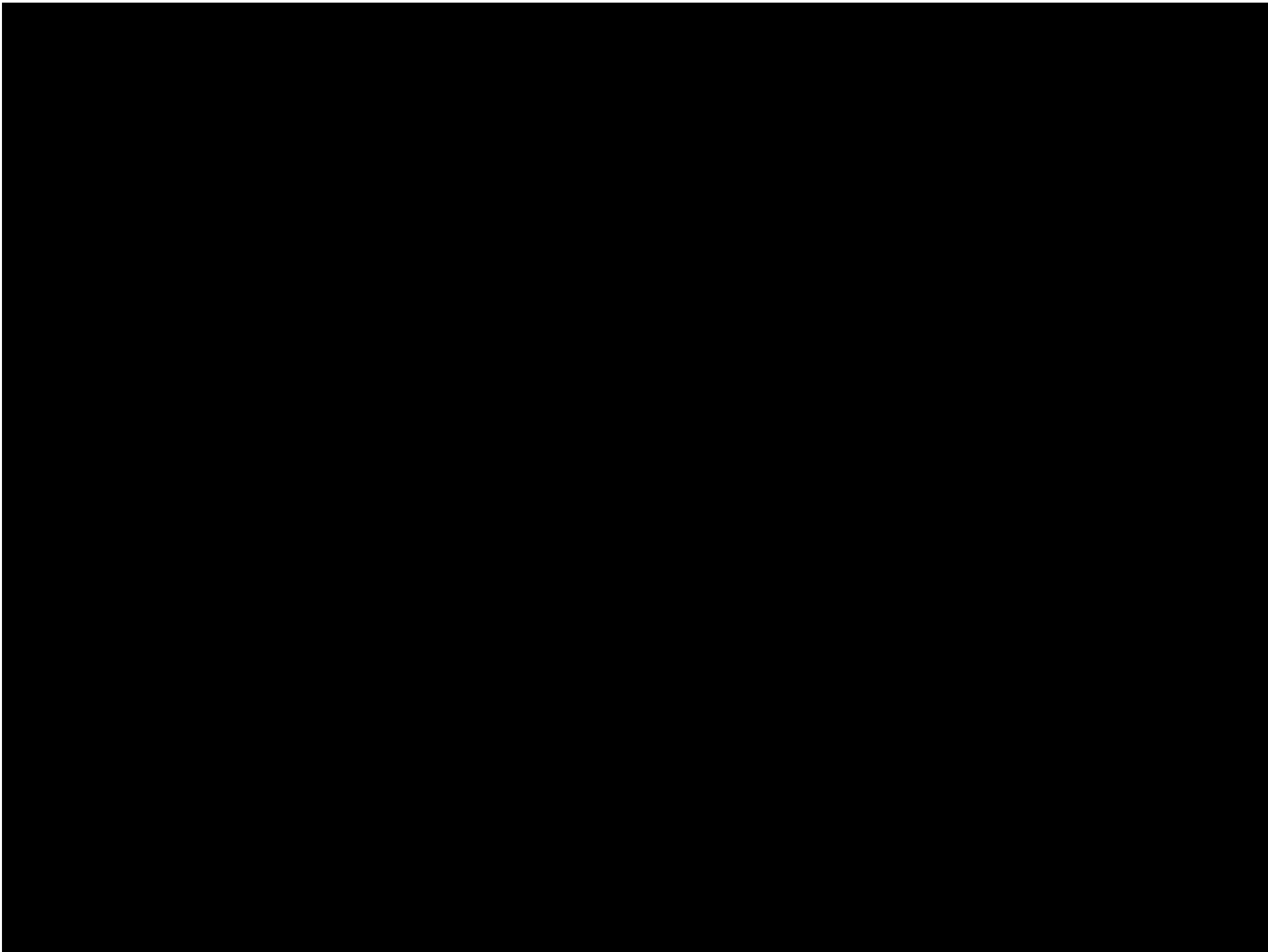
## Grameen Bank

- ▣ Prof. Muhammad Yunus, Vanderbilt University examining credit delivery systems to the rural poor  
Inspired by the Bangladesh famine of 1974 – made a loan of \$27 to a group of 42 families – started Grameen Bank (Bank of the villages)
- ▣ In 1979 got support from Bangladesh govt to make this nationally available
- ▣ Got international funding – by 2005 it had loaned over \$4.7 billion , more than 20,000 employees
- ▣ 2006: founder awarded Nobel Peace prize





# Video of M. Yunus Founder of Grameen Bank



# Example of Irish Social Entrepreneurship

- The Niall Mellon Township Trust
- Niall Mellon grew up in Dublin, career as an investment broker, and property developer
- In 2002 at age 35, while on holiday in South Africa, he was appalled by the poor housing in townships near Cape Town



# An Entrepreneurs Solution

- Mellon returned the following year with friends (mostly from the building industry) to build brick houses in conjunction with the local community
- In 2003, 150 volunteers raised €3,500 each to go to South Africa and build 25 houses in 9 days
- In 2004, 350 volunteers raised €4,000 and built 50 houses in a week
- Bought out a local construction firm which employs several hundred locals building all year around
- Housed more than 100,000 people in 2002-2012




# An Entrepreneurs Solution...



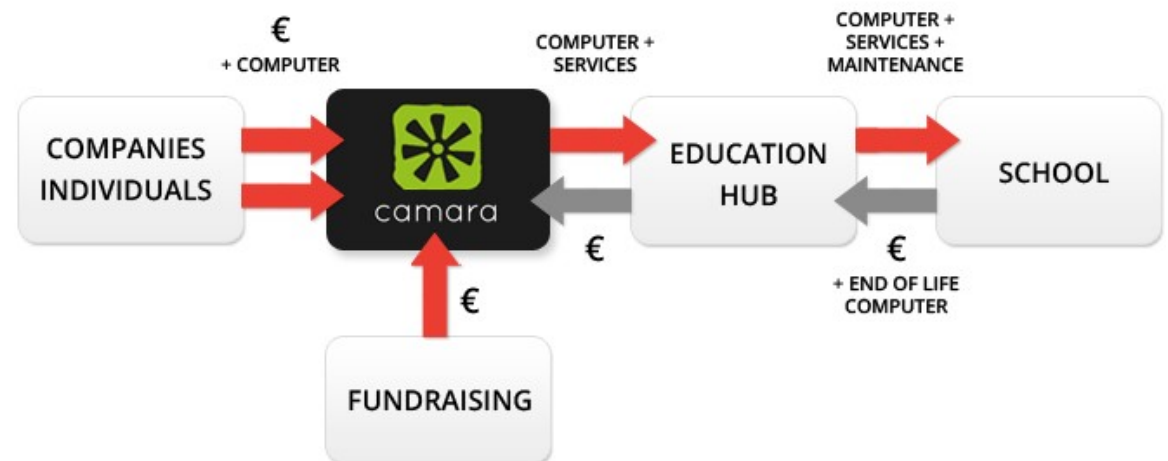
- Put big focus on Corporate Donations to speed up progress
- Harnessed South African Government grant assistance
- Invested to establish a timber-framed “Super Housing factory “near Cape Town which would manufacture 100 houses per week
  - ▣ Pitched the US congress to fund this



- 
- Website, Sales Aids on Fundraising Page
  - Gift page [ Install windows in a house for €30]
  - Staff peaked at 24 including: CEO, CFO, COO – run more like a business than a charity
  - As downturn bit, more funding has been sourced from Irish Aid [Government agency]
    - ▣ Winding down in South Africa – as state takes over
    - ▣ Starting to work in the Republic of Congo
  - 2012/3 – Charity turns its attention to building schools :<https://www.melloneducate.com/>

# Camara ([www.camara.org](http://www.camara.org))

- Charity trying to enable education through technology in Africa and around the world
- Setup in 2006 in Ireland by Cormac Lynch
- Expanded into UK and US



- <http://www.siliconrepublic.com/innovation/item/29105-camara-ceo-calls-for-more-d>

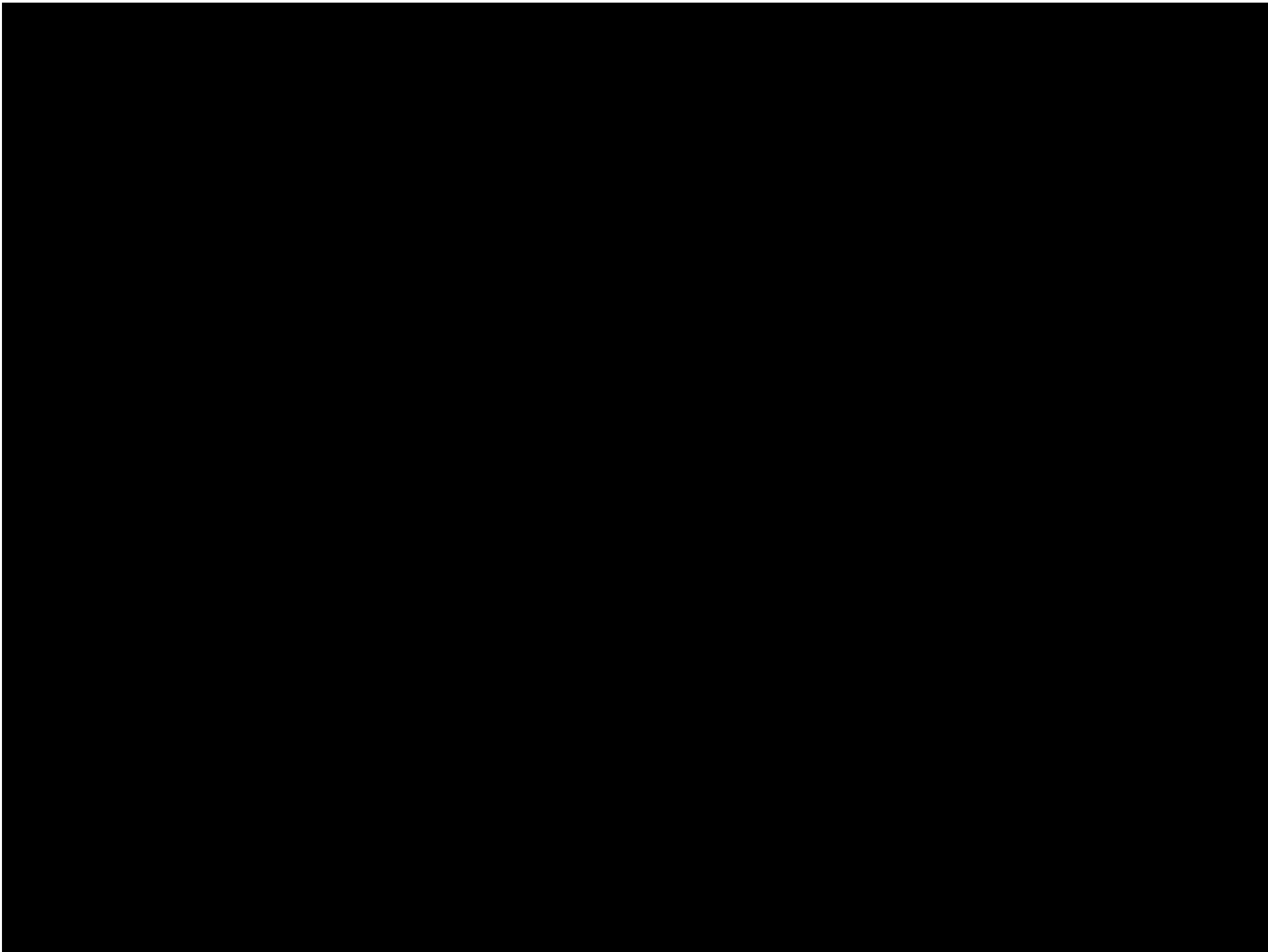
# Camara II



- Constituted like a business – board, CEO, CFO etc
- Strategic Plan that envisages rapid expansion
  - ▣ Help educate 1.25 million children over 3 years
  - ▣ Replicate business model to US, South America etc

AND NOW FOR SOMETHING  
COMPLETELY DIFFERENT

Gordon Gecco Video



# Key Take-aways



- The entrepreneurial process is a general method of tackling large problems and making a large impact
- Motivation is a mix of
  - ▣ Wanting to change the world
    - To right a wrong
    - To improve peoples lives
    - To make a difference
  - ▣ The Money Motive
    - Often used as a metric for success
    - Sometimes an end in itself