

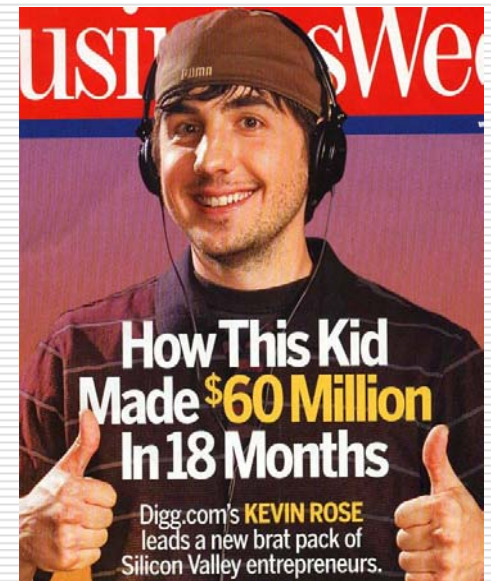
Entrepreneurship and Intrapreneurship— The Basis for Economic Development, Personal Freedom and Knowledge

Kevin Rose, Founder, Digg.com
(BusinessWeek August 14, 2006)

Kevin Rose made \$60 million in 18 months

How did he do that?

- a) JOB
- b) Entrepreneurship



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THE DIFFERENCE BETWEEN BEING WEALTHY AND BEING RICH

- Chris Rock, Comedian and Philosopher
- Shaquille O’Neill, Miami Heat Centre– RICH
- Micky Arison, Miami Heat Owner– WEALTHY
- Control over a Factor of Production

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MICHAEL JACKSON AND THE BEATLES CATALOGUE

- Bought catalogue in 1985 for \$47m
- Earnings \$30m to \$50m per annum
- Retain ownership– wealth
- Sell to Sony– rich (for a while)
- Build and Hold

WEALTH COMES FROM OWNERSHIP

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DIGG.COM'S DIFFERENTIATED VALUE? PIXIE DUST?

- It is a new model for a newspaper uniquely adapted to the Internet.
- It is not simply the online version of the New York Times or some classified advertising page transferred to the Internet.
- It is a digital community made up of a fairly homogenous demographic—80% are male, mainly young techie readers.
- Readers are also contributors.
- Readers dig up interesting stories from all over the web and post brief synopses to the site and links to them whereupon other readers vote on them—the most popular ascend the page.

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- The site harnesses the competitive instincts of the readers/contributors to compete to see whose story will lead.
- The site works because of its homogeneous demographic—contributors only post stories that will be of interest to the group.
- The site is dynamic—leading stories change by the minute or hour.
- Digg.com's cost for headline writers = ZERO.
- Digg.com's cost for journalists = ZERO.
- Digg.com's cost for editors = ZERO.
- Digg.com's cost for distribution = ZERO (at least, the marginal cost is practically zero).

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CHOOSE THREE OF EIGHT THINGS TO START YOUR
BUSINESS WITH:

1. Launch clients and customers;
2. Access to VC financing;
3. A great, never-tried-before idea;
4. A good business model;
5. Sound execution;
6. Approved bank financing;
7. A good partner;
8. Access to government grants?

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- Answer 1, 4 and 5– GO to the head of the class
- VC money and government grants– waste of time
- Never-tried-before idea – might be a *bad* idea
- Start with nothing– build stronger business
- Real clients, real cashflow and real profits

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- Real cashflow gets financing today
- Power comes from cashflow
- Better equity deal for you when (if) you do seek VC funding

"An entrepreneur or intrapreneur is someone who can create \$2 in revenue for every \$1 that any fool could generate."

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NHL FRANCHISE FOR OTTAWA DECEMBER 1990– FIRST
PRIORITY?

- Have an all night blow out party?
- Come back from FLA to launch first ever season ticket blitz?

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ANSWER: DUH!, FOCUS, FOCUS, FOCUS AND REMEMBER
CASH IS KING (OR QUEEN)

'The harder I work, the luckier I get,' Anon.

*'If you want to be great, you need to practice the day after
the best game of your life,'* Steve Nash, Two Time NBA
League MVP

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THE POWER OF GOAL SETTING

- 1992/93 Ottawa Senators– 22 Points
- Public goal
- 1972/72 Washington Capitals (21 Points, worst ever, forever)
- 24 points

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THE POWER OF GOAL SETTING

- Downhill Skier— before or after your main competitor?
- After— know split times
- Goal setting versus planning?
- Be flexible
- N = ?

'Show some adaptability,' Unofficial US Marine Motto.

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WHO GETS THE PROMOTION

- J.O.B.
- \$10 m R & D, 18 months
- Intrapreneur
- \$10 m R & D, 3 Pre-Launch Clients, \$2.5 m each, first 6 months of production

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WHAT'S MORE IMPORTANT? GOOD EXECUTION OR THE
NEXT BIG IDEA?

- Google not first search engine
- GradeAStudent.com (GradeATechs.com) not first at-home PC service
- Ideas: infinite supply
- Try selling just an idea
- Execution counts

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MORAL UNDERPINNINGS?

- Entrepreneur follows self interest
- First obligation to society: take care of yourself and your family
- So not to become burden on society
- Further obligation: take of their fellow human

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YOUR REPUTATION

- Key to success
- Allows you to acquire customers who trust you...
- Allows you to get a loan, investor money, etc.
- Employees want to work with you
- Suppliers want to work with you

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What is more important?

- Love
- Trust

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TRUST

- If you can't trust your girlfriend, boyfriend, spouse, partner, employees, suppliers, customers ...
- Suppliers trust you to pay them/you trust them to supply you on time
- Customers trust you to deliver/you trust them to pay you
- Surround yourself with positive, trustworthy people

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PERSONAL SACRIFICE

- Mr. Rose: every penny in Digg.com
- Lost girlfriend who preferred down payment on home
- Peter Patafie's priorities:
 1. Take care of Business
 2. Take care of Family
 3. Take care of Self

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PETER PATAFIE

- Lost J.O.B. at age 45
- No H.S. education
- Moving and packing supplies
- Innovative approach— deliver supplies to his clients' clients
- 97% Market Share (Better than Microsoft OS)

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PROFIT IS NOT A DIRTY WORD

- Profits not just for fancier house and nicer holidays
- Allows re-investment in the latest technology, staff training, R & D, boost marketing, raise productivity, increase employee pay and benefits
- Zombie Companies– not fun to work for

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Paul Walker, and Jessica Alba in the Sony Pictures film, *Into the Blue*, 2005

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HOLLYWOOD MESSAGING

- Love is all you need
- But Jessica and Paul end up *rich* from finding hidden treasure in Barbados waters
- Don't believe everything you see
- Look at the underlying message
- The number one cause of divorce?
Alienation of Affection, or
Financial Woes
- SO DON'T LOOK DOWN YOUR NOSE AT PROFITS

Joe Louis, Heavyweight Champion, still said it best: '*I' been RICH and I' been POOR, and RICH is better.'*

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ANYONE NEED \$7,000.00 IN CASH?

- Two competitions this year-

The Business Model Competition:

<http://www.dramatispersonae.org/BusinessModelCompetition/DescriptionUOBizModelCompetition.htm>;

The Wesley Nicol Business Plan Competition:

<http://www.dramatispersonae.org/WesleyNicolBusinessPlanCompetition/UOttawaWesleyNicolBusinessPlanCompetition.htm>.

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CHINA AND INDIA— CAUSE OF GREAT LEAP FORWARD?

- Five year plans sponsored by Central Government planners
- Unleashing of their entrepreneur class

“D’oh,” Homer Simpson.

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Kalmandhai, India

- Successful business: based on Latrines
- \$900 USD start-up capital from UK-based WaterAid

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Total \$900 USD
Revenues Per Use \$0.01 USD
Daily Use Men 300
Women 375
Children 400 free
Total Use 1,075
Total Paid Use 675
Total Daily Revenue \$6.75 USD
Annual Revenue \$2,463.75 USD
Maintenance 10% \$90
Night Watchman 1 \$450 \$450
Cleaning Staff 3 \$1,350
Net Revenues \$573.75

Return on Investment 64% p.a.

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POWER OF ENTREPRENEURSHIP

- 64% return
- Reinvestment: shower block, fertilizer business, herb garden, composting business
- Money lending to women in neighboring villages
- Think about the number of jobs they created—from a latrine!
- The Business will sustain you and your family for generations

'Give a human a fishing rod, not a fish,' Anon.

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PERSONAL BUSINESS FOR LIFE (PB4L)

- Every Man, Woman and Child should have PB4L
- Fallback position– if you lose your JOB
- Extra income
- Matthew Firestone, Age 13–
<http://streetpaddletennis.com/>
- Richard Rutkowski– former Kanata Councillor– *The Best of Kanata*

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THE BEST OF KANATA

- Local businesses advertise in Book
- People who buy the book get membership card and 10% off
- 5,000 copies sold at 20 bucks
- Sold by advertisers and charities who keep 15 bucks
- Half page ad sells for \$600. More than 200 advertisers
- You do the math
- Richard should *never, ever* sell this business or pledge it for a loan or take in a partner
- Two chairs in heaven waiting for first partners to arrive (who still like each other; Harrison and Wallace)

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THE BEST OF KANATA

PIXIED DUST =

1. LOCAL ENDEAVOUR
2. LOCAL COUNCILLOR
3. CLIENTS ARE ADVERTISERS AND CHARITIES
NOT BOOK BUYERS WHO ARE CLIENTS OF
RICHARD'S CLIENTS (2ND ORDER EFFECT)
4. CLIENTS (ADVERTISERS) ARE ALSO SALES
CHANNEL (BOOK SALES)

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PERSONAL WEBSITE, PWS

- Intellectuals– valuable and perishable resource: our minds
- PWSs host personal intellectual property (IP) over entire careers
- What to host: Résumé, Memories of a life lived and a personal journey, Great work done by you, Family and friends spaces, Ways for you to make money with your personal IP, Your personal data and files, Your personal applications (Weightless Computing), Links to important places, many other uses.
- B M Firestone– more than ten PWSs: educational, consulting, real estate

MAKE MONEY WHILE LYING ON A BEACH

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UNITED NATIONS PROPOSAL

- Set aside one day each year to celebrate entrepreneurs
- Contribute economically and provide more interesting choices and more diversity everywhere.
- Individuals count

(SIGN THE PETITION TO THE SECRETARY GENERAL—
VISIT:

<http://www.dramatispersonae.org/UNDayOfTheEntrepreneur/UNDayOfTheEntrepreneur.htm>)

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- Life isn't supposed to be easy
- Being entrepreneur or intrapreneur hard
- Use creativity, shoulder responsibility, believe security comes from knowledge and know-how, rely on themselves and what is created through own efforts
- Great challenge, worth taking on

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- *Set goals for yourself and your team;*
- *Be a self-starter;*
- *Practice as hard as you play;*
- *Focus on your goals;*
- *Work hard;*
- *Be flexible in how you achieve your goals/show some adaptability;*
- *Bring some innovation to what you do;*
- *Create a Personal Business for Life;*

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- *Create a Personal Website and collect your personal IP over your entire career;*
- *Protect your reputation and understand and apply ethics in all that you do;*
- *Be prepared to deal with uncertainty and stress;*
- *Get a mentor (maybe);*
- *Execute well;*
- *Make a profit every year*
- *Take care of the business and it will take care of you and your family.*

(FOR FULL TEXT, SEE: <http://www.dramatispersonae.org/>)