

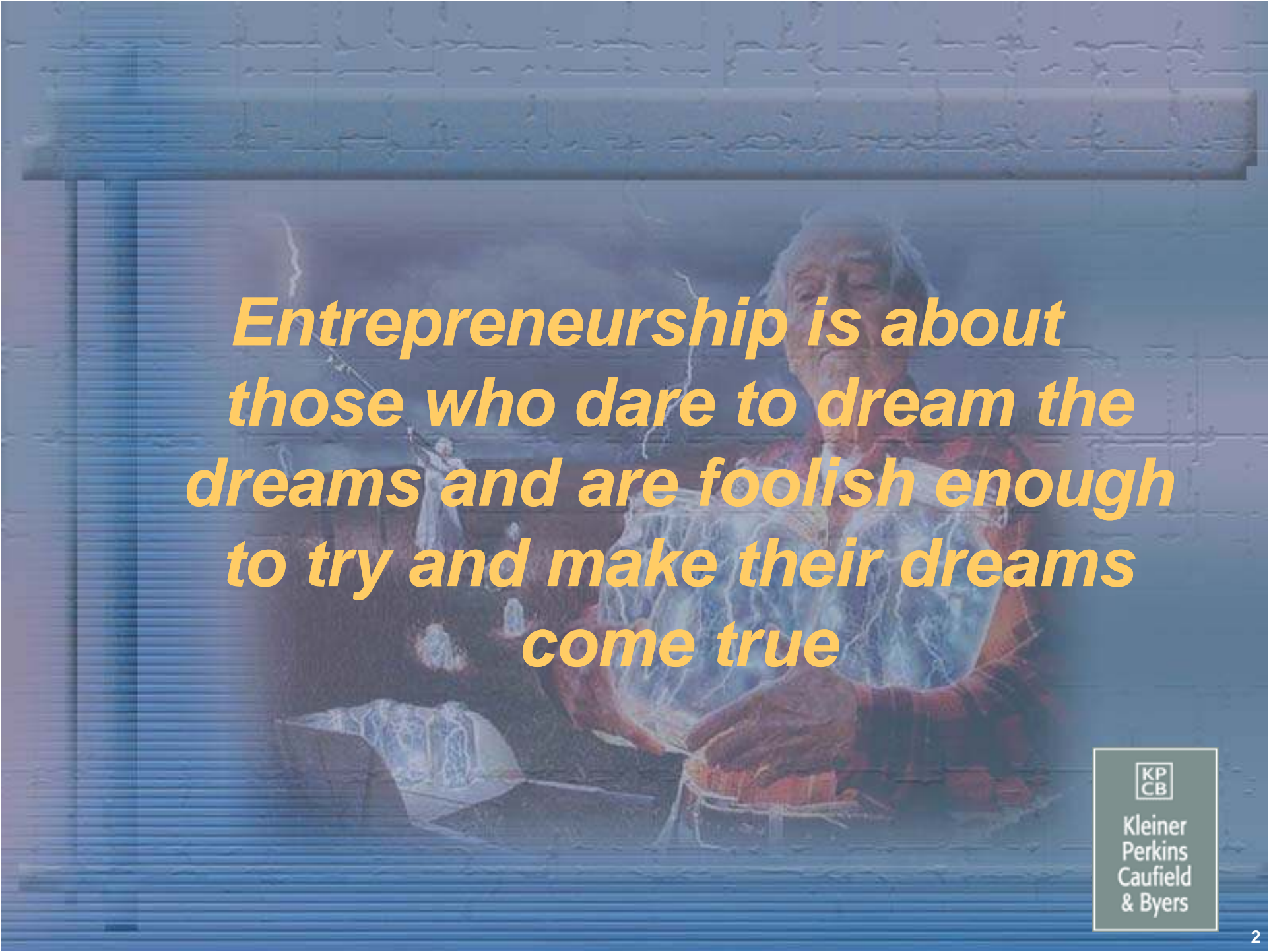
The Entrepreneurial Roller Coaster

high highs & low lows

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***Entrepreneurship is about
those who dare to dream the
dreams and are foolish enough
to try and make their dreams
come true***



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Know Your Goals



Fortune:

Never having to balance your checkbook



Fame:

Never having to carry the AE card



Family Business:

Never having to say you are sorry

Fervor:

Passion for a vision



Friends

Never having to
leave home



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Before You Start

Knowing what you don't know

Who's opinion?

Identify your liabilities & assets

Assess the costs



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Success Factors

People beyond the words

Key questions the good & the bad

Leverage riding a wave

Managing TOTAL risk engineering,
financial, marketing, competitors,

Offerings implemented value proposition

Paranoia & persistence

Role of trial



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Economic Contributions of a Venture

Product Innovation

Operational Excellence

Customer Services

New Brand

in decreasing order of likelihood



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Being Realistic: Questions

What are personal vs. corporate goals?

Scale of thinking: \$0 vs. \$0M vs. \$0B

What is your competitors view of you

Competitors present vs. your future

How would you compete against yourself?

Why are you better & why are you worse?

What are other s opinions: VC s, recruits?



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Internal Factors

Maximizing assets & minimizing liabilities
Building the balanced team gene pool
Encouraging conflicting points of view
Organized chaos: planning too early
Organizational learning: Nuances as pitfalls
Incentive structures - rewarding failure
Process vs. Instinct
Focus vs. Exploration
Leverage
Entrepreneur vs. Manager/CEO



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Strategy : Assets & liabilities

Strengths

Weakest Links

Competitors Strength & Weakness

Strategy for Entry

Strategy for Permanence



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Engineering the Gene Pool

Technology Balance

Innovators

Management

Gene Pool of Key Risks Experience

Culture good guys & bad guys



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Managed Conflict

Nexus of points of view

Nexus of previous experience

Unbiased conflict resolution at the top

Role of the CEO



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Organized Chaos Process

The Shepherd or the Sargent?

The flakes vs. architects vs. implementors

Experimentation

Execution

Budgets, schedules, tasks vs. project stage



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Culture

Setting the goals

Tackling problems head on

Persistence

Tolerating mistakes

Sense of urgency

Paranoia

Irreverence & Foolishness

Success & complacency



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Process vs. Instinct

Focus vs. Exploration

Entrepreneur vs. Manager/CEO



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Leverage- Sun

Riding a Wave: Unix

Marketing: Universities

Engineering: Open systems

Sales: Compensation Model

People: The Goose or the Golden Egg

Perception vs Reality: Credibility by Constituency



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External Factors

Real vs. Perceived Value

Credibility

Competition

Chance & luck

Momentum



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Market Environment

Structure of the market

Pace of change

Rate of growth

Whose rules ?



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Startup Process

Technology Change Creates an Opportunity

Find a Wave

People & Gene Pool Engineering

Market Dynamics Allow a Change the Rules

Approach

Strategy to Leverage Assets & Minimize Liabilities

Long term Asset from Short Term Wedge



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Startup Ingredients

Passion for a Vision & a Belief System
Real Value Proposition for the Customer
Leverage as a Philosophy
Gene Pool Diversity
Organized Chaos to Execution as a Process
Risk Management
Change the Rules Irreverence
Lady Luck



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Entrepreneurship: in Big Companies

Balance - Planning vs. iterating

Enfranchising people vs. dictating to them

Managerial risk avoidance

Process vs. instinct - product managers

Incentive structures - rewarding failure



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The Pleasures

Building something to be proud of

Freedom & control of one's destiny

Creating a fun & compatible team

Financial rewards



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The Societal Role of Entrepreneurship

Driving technology and hence 40% of US

GDP growth

Driver of role models

Driver of change & innovation



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Weather Forecast

Rate of change will accelerate - life will be more complex, more busy...

Innovation, opportunities & entrepreneurship will thrive

Fun & fortunes will be in abundance

Irrelevance: the other things in life
(family, relationships, enjoyment)



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Comments?

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Who We Are:

A handful of professional technologists and operating execs - not financiers

As of EOY 2002: Portfolio of 350 companies with \$81B revenue, 279k employees, \$164B market cap



Genentech, Inc.

LSI LOGIC

Lotus.



COMPAQ

amazon.com

AOL.COM

N Netscape

Intuit

extreme networks

LINEAR TECHNOLOGY

Sun microsystems

Quantum

CYPRESS



What We Look For:

People

Unfair advantages

Risk up front

Characteristics: sense of urgency, corporate partners, home run swings

Defensibility in critical mass, technology, franchise, content, distribution

Shared upside & simple structures

What We Do:

Technology oriented, pioneering industries

IPO oriented big companies

Incubations, early stage, speedups

Co-ventures

What We Bring:

Company building experience

Experience with pitfalls of new markets,
technology management...

Credibility

Relationships

Repertoire of mistakes

Knowledge of industry trends



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Comments?

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