

# Negotiations for Start-ups

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# Know Your Entrepreneurial Self

# What do you know about Entrepreneurs?



- A. is someone who organizes, manages, and assumes the risks of a business or enterprise
- B. is an agent of change
- C. who takes the resources necessary to produce a pair of jeans that can be sold for thirty dollars and instead turns them into a denim backpack that sells for fifty dollars who will earn a profit by increasing the value those resources create
- D. who expands the size of the economic pie for everyone

**All of the above**

# Definition of Entrepreneur

Oxford dictionary says...

“a person who sets up a business or businesses”

Merriam-Webster says...

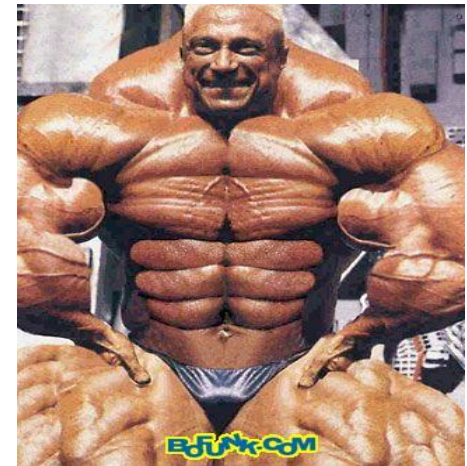
“one who organizes, manages, and assumes the risks of a business or enterprise ”

Wikipedia says

“An entrepreneur is a person who has possession of an enterprise, or venture, and assumes significant accountability for the inherent risks and the outcome. It is an ambitious leader who combines land, labor, and capital to create and market new goods or services”

# Importance of IT Entrepreneur

- At one time, Dow Jones Industrial Average provided a snapshot of companies that mattered in global commerce.
- Today that is no longer true as upstart young companies have muscled their way into the world's largest industry
  - Primarily, advent of information technology companies have made this happen



# Importance of IT Entrepreneur (cont'd)

Dow Largest	Market Value	Founded		Non-Dow Largest	Market Value	Founded
GE	389	1892		Microsoft	483	1981
IBM	223	1911		Intel	269	1968
Wal-mart	211	1969		Cisco	220	1984
Exxon	195	1882		Lucent	202	1995
Merck	162	1934		Pfizer	154	1942
Citigroup	161	1968		AIG	153	1967
AT&T	159	1885		MCI WorldCom	146	1983
Coca-Cola	152	1919		Bristol Myers Squibb	145	1933
Johnson&Johnson	140	1887		Dell Computer	122	1987
Proctor&Gamble	133	1905		Bank of America	111	1968

# Importance of IT Entrepreneur (cont'd)

Over 35 years, technology companies have outperformed and increased the market share over traditional industries.

Sector	Market Share	
	1964	1998
Utilities	19%	3%
Energy	18%	6%
Basic Materials	17%	3%
Technology	6%	19%

# Entrepreneurs in US Economy

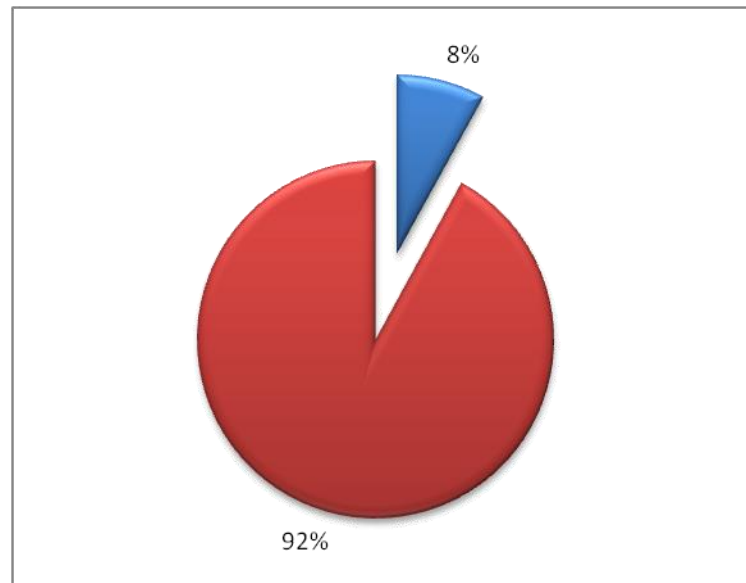
Study shows that entrepreneurs are different and their behavior plays an important role in the U.S. economy

"Evidence on entrepreneurs in the United States: Data from the 1989-2004 Survey of Consumer Finances"

- Economic Perspectives, fourth quarter 2007, Federal Reserve Bank of Chicago)
- Conducted by Mariacristina De Nardi, Phil Doctor, and Spencer D. Krane

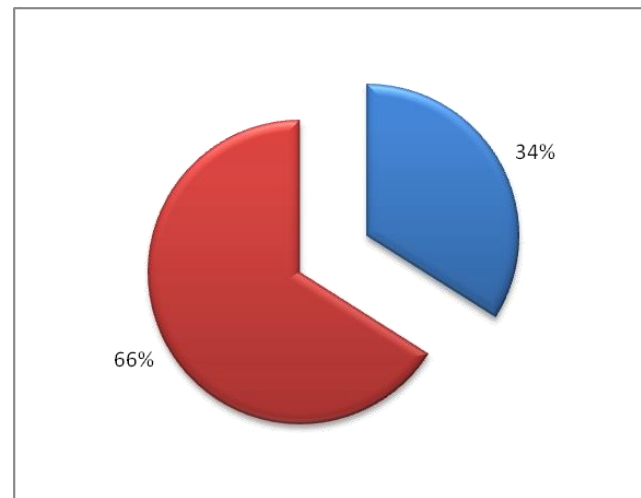
# Entrepreneurs in US Economy (cont'd)

Self-employed business owners. Roughly 8 % of the nation's households fall in this category.



# Entrepreneurs in US Economy (cont'd)

- Entrepreneurs are wealthy, on average.
  - ▣ Own nearly one-third of all wealth in the United States. Median net worth ranges between about \$260,000 and \$540,000 in the years studied. This is between 4 and 6.5 times the median net worth of other households.



# Entrepreneurs in US Economy (cont'd)



- Entrepreneurs are also more educated than other heads of households.
  - ▣ Much more likely to have a college degree.
  - ▣ Fraction of entrepreneurs with a college degree is 20% higher than the proportion for the rest of the population.
  - ▣ Less likely than others to have only a high school diploma or less education.

# Entrepreneurs in US Economy (cont'd)



- Entrepreneurs most often work in professional practices
  - Law and medicine; contracting and construction; farm, agricultural services, and landscaping; and general retail and wholesale trade.
  - These four areas combined account for about 57% of entrepreneurs' businesses.
- Authors characterize entrepreneurs as **savers and innovators** and that they are important sources of wealth creation in the U.S. economy.



# Entrepreneurs in US Economy (cont'd)



## Monthly Labor Review (December 2008)

- The role of entrepreneurs in the American economy is legendary. One of the unique characteristics of the U.S. economic system is the freedom to start a business relatively easily and quickly.
- One of the engines of growth is the employment and wages generated by new businesses.

# Entrepreneurs in US Economy (cont'd)



- Entrepreneurship also entails a never ending search for new and imaginative ways to combine the factors of production into new methods, processes, technologies, products, or services. These efforts lead to
  - growth of new businesses
  - the decline of less productive ones and
  - the reallocation of resources from less profitable businesses and establishments to more profitable ones.

# Outlook on Entrepreneurs

- “Most American voters view entrepreneurship as key to solving the current U.S. economic crisis”
- The survey of 816 registered, likely voters, conducted by Luntz, Maslansky Strategic Research, found that
  - about 70% of respondents think the health of the U.S. economy depends on the success of entrepreneurs, while 80% want to see government actively use its resources to promote entrepreneurship.

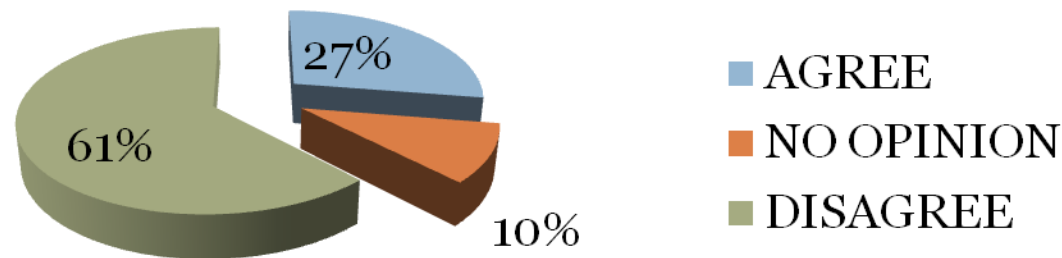


“Can Entrepreneurs Rescue the U.S. Economy?”, Wall Street Journal,  
<http://blogs.wsj.com/independentstreet/2008/10/02/can-entrepreneurs-rescue-the-us-economy>

# Outlook on Entrepreneurs (cont'd)

- 71% of respondents believe the economic turmoil makes it much harder to become an entrepreneur and only 26% said they would actually consider starting a business in the next five years even though many would like to sometime in the future.

## Respondents Planning on Starting a Business in Next 5 yrs



[http://www.kauffman.org/uploadedfiles/Econ\\_Crisis\\_Survey\\_9\\_30\\_08.pdf](http://www.kauffman.org/uploadedfiles/Econ_Crisis_Survey_9_30_08.pdf)

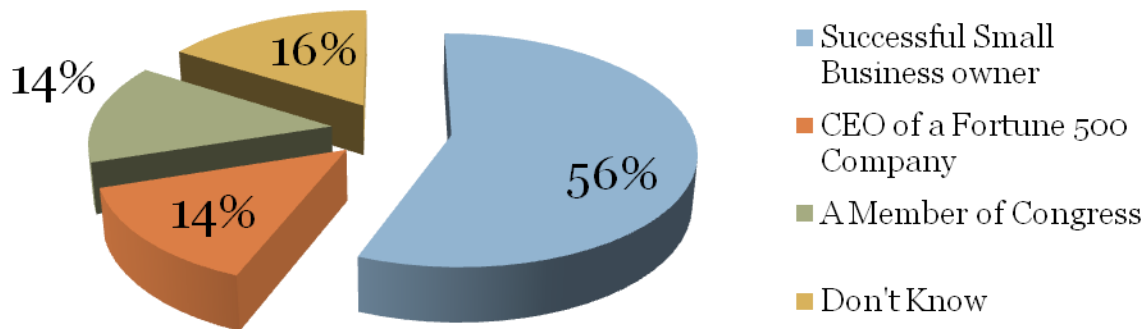
“Can Entrepreneurs Rescue the U.S. Economy?”, Wall Street Journal,

<http://blogs.wsj.com/independentstreet/2008/10/02/can-entrepreneurs-rescue-the-us-economy>

# Outlook on Entrepreneurs (cont'd)

- 56% of respondents said they would trust small-business owners to guide the economy, while only 14% said they would trust members of Congress.

**Who Do You Have More Faith and Confidence in to Guide the US Economy**



[http://www.kauffman.org/uploadedfiles/Econ\\_Crisis\\_Survey\\_9\\_30\\_08.pdf](http://www.kauffman.org/uploadedfiles/Econ_Crisis_Survey_9_30_08.pdf)

“Can Entrepreneurs Rescue the U.S. Economy?”, Wall Street Journal,

<http://blogs.wsj.com/independentstreet/2008/10/02/can-entrepreneurs-rescue-the-us-economy>

# Outlook on Entrepreneurs (cont'd)

“History has repeatedly demonstrated that new companies and entrepreneurship are the way to bolster a flagging economy”



“Can Entrepreneurs Rescue the U.S. Economy?”, Wall Street Journal,  
<http://blogs.wsj.com/independentstreet/2008/10/02/can-entrepreneurs-rescue-the-us-economy>

# Myths about Entrepreneurs

## Myth 1 - Entrepreneurs are “orphans and outcasts”

- Lonely Atlases battling a hostile world or anti-social geeks inventing world-changing gizmos
- Not true. They are a bit more independent, but still need business partners and social networks to succeed



“Global Heroes”, A special report on entrepreneurship , The Economist,  
[http://www.economist.com/specialreports/displaystory.cfm?STORY\\_ID=13216025](http://www.economist.com/specialreports/displaystory.cfm?STORY_ID=13216025)

# Myths about Entrepreneurs (cont'd)

- **Myth 2: Entrepreneurs are always young**
  - Bill Gates, Steve Jobs dropped out of college to start their business. Founders of Google and Facebook were students when they started their business
  - Harland Sanders started franchising KFC when he was 65.
  - Gary Burrell started Garmin when he was 52.
  - Herb Kelleher started SWA when he was 40.
  - Kauffman foundation surveyed 652 American-born bosses of technology companies set up in 1995-2005 and found that
    - Average age boss was 39 when he or she started.
    - Number of founders over 50 was twice as large as that under 25.



# Myths about Entrepreneurs (cont'd)

## **Myth 3:** Entrepreneurship is driven mainly by venture capital

- True in capital-intensive industries such as high-tech and biotechnology
  - Most of this money funds start-ups in selective industries. Vast majority of start-ups are funded by personal debt, friends and families.
  - Google was not funded by venture capital. The founders raised \$1 Million through friends and connections



# Myths about Entrepreneurs (cont'd)

- **Myth 4:** To succeed, entrepreneurs should produce a world-changing new product
  - Not true. Most successful entrepreneurs focus on processes and not products
  - Richard Branson made flying less tedious by providing his customers with entertainment
  - Oprah Winfrey has become America's richest self-made woman through successful brand management



# Myths about Entrepreneurs (cont'd)

**Myth 5:** Entrepreneurship cannot flourish in big companies

- Jack Welch transformed GE into a collection of smaller entrepreneurial companies



# Ease of doing Business

Business Region	Ease of Doing Business Rank
Singapore	1
New Zealand	2
United States	3
Hong Kong, China	4
Denmark	5
United Kingdom	6
Ireland	7
Canada	8
Australia	9
Norway	10
Iceland	11
Japan	12
Thailand	13
Finland	14
Georgia	15
Saudi Arabia	16
Sweden	17
Bahrain	18
Belgium	19
Malaysia	20

Business Region	Ease of Doing Business Rank
Togo	163
Cameroon	164
Lao PDR	165
Mali	166
Equatorial Guinea	167
Angola	168
Benin	169
Timor-Leste	170
Guinea	171
Niger	172
Eritrea	173
Venezuela	174
Chad	175
São Tomé and Príncipe	176
Burundi	177
Congo, Rep.	178
Guinea-Bissau	179
Central African Republic	180
Congo, Dem. Rep.	181

“Economy Rankings”, Doing Business, <http://www.doingbusiness.org/economyrankings/>

# ARE YOU AN ENTREPRENEUR?



bcp016-18 fotosearch.com

- BDC – Business Development Bank of Canada
  - [http://www.bdc.ca/en/business\\_tools/entrepreneurial\\_self-Assessment/Entrepreneurial\\_self\\_assessment.htm](http://www.bdc.ca/en/business_tools/entrepreneurial_self-Assessment/Entrepreneurial_self_assessment.htm)
  - <http://www.potentielentrepreneur.ca/client/QuestionnaireNewSectionCalculateEn.asp>

# Interviews

IT Entrepreneurs that we talked to....

# Entrepreneur List



Kent Plunkett

- CEO and Founder of Salary.com, an online salary wizard and software provider<sup>1</sup>



Grant and Brock Bukowsky

- Founders of Show-Me Tickets, an online ticket brokerage and Mortgage Research Center an online VA mortgage brokerage<sup>2</sup>

Mark Cuban



- American billionaire entrepreneur. He is the owner of the Dallas Mavericks, an NBA basketball team, and Chairman of HDNet, an HDTV cable network<sup>3</sup>

1 [www.salary.com](http://www.salary.com), viewed 4/9/09

2 [HTTP://COLUMBIATRIBUNE.COM/2007/DEC/20071201BUS I001.ASP](http://COLUMBIATRIBUNE.COM/2007/DEC/20071201BUS I001.ASP) , Viewed 04/09/09

3 DEVIN LEONARD. Fortune. New York: Oct 15, 2007. Vol. 156, Iss. 8; p. 172

# Kent Plunkett - Background



- Previous work experience – CEO Bumblebee Technologies; Vice president of InfoSpace; Director of Pro CD
- Educational Background – Bachelors, Georgetown University; MBA, Harvard
- Vision – “to make compensation data accessible and building on-demand software and tools to drive equity into discussions about people, pay and performance”

# Business Demographics

## Salary.com

- Leading provider of compensation and talent management solutions
- Over 7000 corporate subscribers
- Consumer-facing site generates over 4 million visitors per month
- Used by more than 25% of Fortune 500



<http://www.salary.com/aboutus/layoutscripts/abt/default.asp?tab=abt&cat=cat012&ser=ser041&part=par078>



# Brant and Brock Bukowsky - Background

- Grew up in Columbia, MO<sup>3</sup>
- Attended University of Missouri – Columbia, pursued teaching careers<sup>2,3</sup>
- Parents fostered entrepreneurship and supportive<sup>1</sup>
- Parents were educators<sup>3</sup>



## Brock Bukowsky

- Childhood
  - Enjoyed playing sports and watching MU basketball, football and Cardinal baseball
  - Quiet
  - Valedictorian
- Adult
  - Started out in computer science then computer programming then mathematics.
  - Christian Faith very important
  - Strategic planner, looks at the big picture

<sup>2</sup> Brock Bukowsky, Founder MRC, interviewed via email by Craig Robbins, March 17, 2009

## Brant Bukowsky

- Childhood
  - Very entrepreneurial; selling homemade lottery tickets as a child
  - Lacked confidence
- Adult
  - Risk taker
  - Generates lots of business leads, always wanting to pursue new ideas
  - Great marketing ability

<sup>1</sup> Brant Bukowsky, Founder of MRC, interviewed via email by Craig Robbins, March 15, 2009

# Business Demographics

## Mortgage Research Center



2007 #96<sup>1</sup>



Subprime Loan  
alternative.<sup>1</sup>

Founded 2002<sup>2</sup>

Online VA mortgage loan broker<sup>2</sup>

Est. Annual Revenue - \$15,000,000<sup>2</sup>

Est. Employees – 100<sup>2</sup>

Location – Columbia, MO<sup>2</sup>

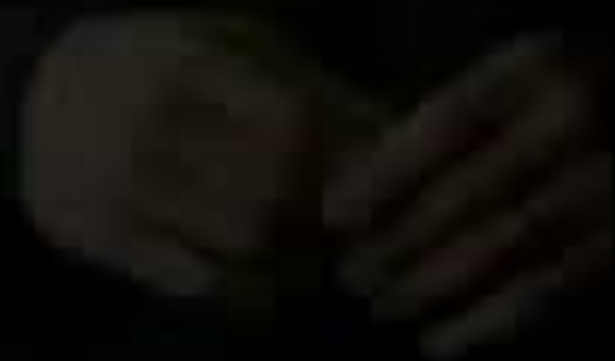
<sup>1</sup> <http://www.mortgageresearchcenter.com/b/mrc.html?src=adw>, viewed 4/9/09

<sup>2</sup>

[HTTP://COLUMBIATRIBUNE.COM/2007/DEC/20071201BUSI001.ASP](http://COLUMBIATRIBUNE.COM/2007/DEC/20071201BUSI001.ASP), Viewed 04/09/09

# Mark Cuban





# Mark Cuban - Background

## CHILDHOOD

- Cuban was shortened from Chabenisky when Mark's grandparents immigrated to America.
- Father was an automobile upholsterer
- Grew up in Mt. Lebanon a suburb of Pittsburg
- First Entrepreneurial venture was at age 12, selling garbage bags in order to buy a pair of basketball shoes
- Paid for College by buying and selling stamps; once made \$1,100 by starting a chain letter

## ADULT

- 1981 Graduated from Indiana University w/ a Bachelor's Degree in Business Administration
- Serial Entrepreneur; Microsolutions, Broadcast.com, HDNet, 2929 Entertainment, Landmark Theaters, Dallas Mavericks, Synergy Sports Technology, IceRocket, RedSwoosh, Weblogs, Inc. etc.
- Guinness Book – largest single e-commerce transaction, \$40 million for Gulfstream V jet

1 DEVIN LEONARD. Fortune. New York: Oct 15, 2007. Vol. 156, Iss. 8; p. 172

2 [http://en.wikipedia.org/wiki/Mark\\_Cuban](http://en.wikipedia.org/wiki/Mark_Cuban), viewed March 14, 2009

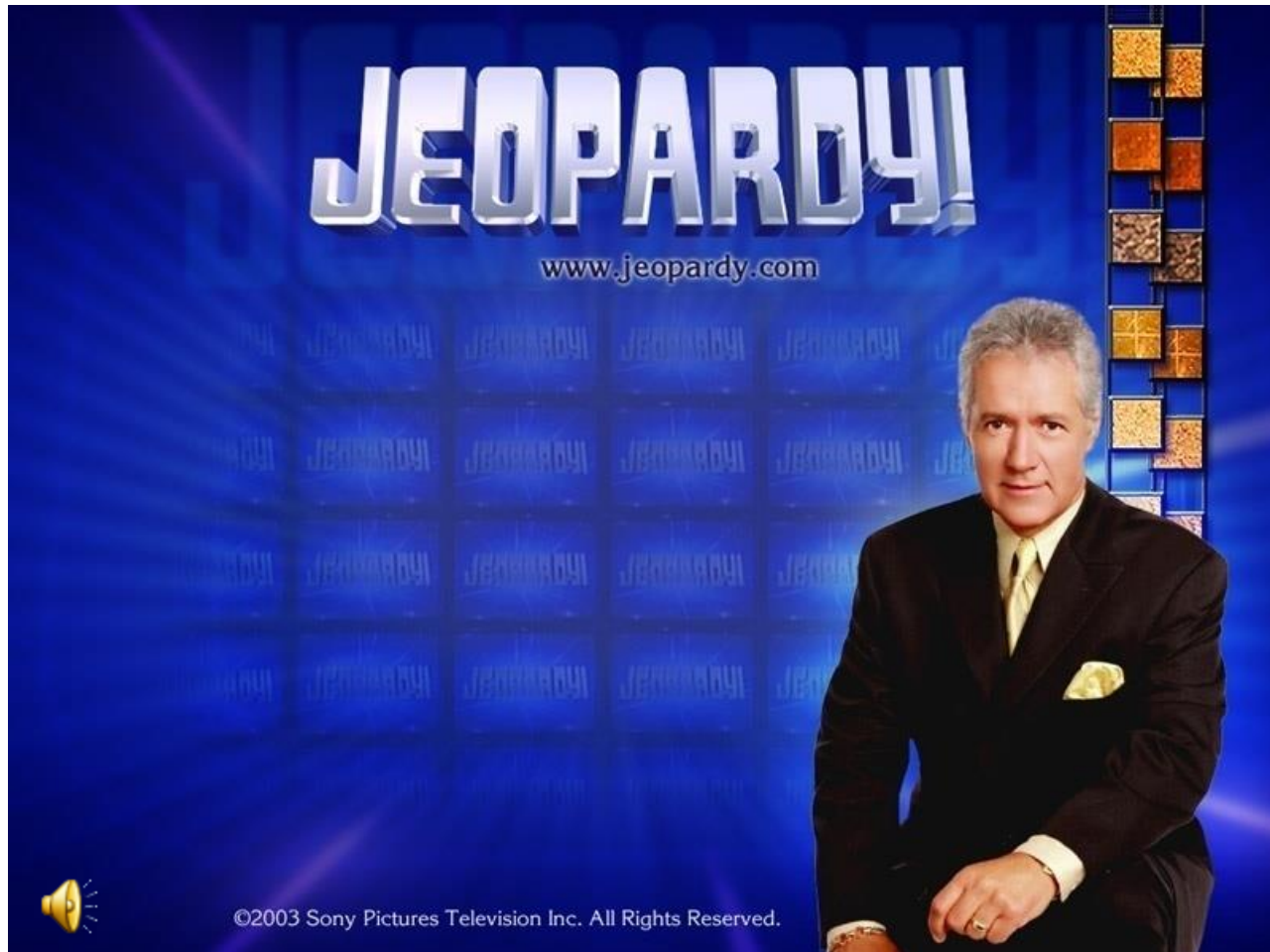
3 Kristin Todd. Baylor Business Review. Waco: Spring 2006. Vol. 24, Iss. 2; p. 15 (1 page)

# Business Demographics

## Broadcast.com



# IT Entrepreneur Jeopardy



# Personality Characteristics of IT Entrepreneurs

# Those in the Industry Say:



□ Dr. Donald Kuratko

Jack M Gill Chair of Entrepreneurship

The Kelly School of Business, Indiana University-Bloomington

- Essential ingredients include the willingness to take calculated risks-in terms of time, equity or career; the ability to formulate an effective venture team; the creative skills to marshal needed resources; the fundamental skill of building a solid business plan; and finally the vision to recognize opportunity where others see chaos, contradiction and confusion.
- It's not magic; it's not mysterious; and it has nothing to do with genes. It's a discipline...and can be learned. (Peter Drucker)
- If you think you can, or think you can't...you're probably right!

<http://www.scribd.com/doc/813147/Entrepreneurship-08-presentation-Kuratko>

# Those in the Industry say:



Lloyd Shefsky

Clinical Professor of Entrepreneurship

Kellogg School of Management-Northwestern University

Author of *Entrepreneurs Are Made Not Born*

“Do what you know best and love most” and “Know when your ...entrepreneurial business no longer needs an entrepreneur but requires a manager”

An entrepreneur must have “self confidence, imagination, fortitude and dedication”

Opportunities may present themselves as luck, or as the result of hard work; an entrepreneur must be prepared to take advantage of them.

Shefsky, Lloyd. (1996), *Entrepreneurs Are Made Not Born*, Glencoe/McGraw-Hill

# Industry Data on Personality Characteristics



An Entrepreneur is:

- Self confident-having confidence in oneself and in one's powers
- Achievement oriented-results gained by focus and sustained effort
- Risk Taker-realize there is a chance of loss inherent in achieving their goals
- Someone who will make decisions, take action and think they can control their own destinies

[www.roseindia.net/articles/characteristics-successful-entrepreneur.page](http://www.roseindia.net/articles/characteristics-successful-entrepreneur.page), viewed April 3, 2009

[www.entrepreneurideaguide.com/Sections/Characteristics-of-entrepreneur/Characteristics-of-entrepreneurs.htm](http://www.entrepreneurideaguide.com/Sections/Characteristics-of-entrepreneur/Characteristics-of-entrepreneurs.htm), view



# Industry Data on Personality Characteristics

Inconsequential characteristics:

- Age-young vs old
- Gender-cultural bias
- Education
- Luck-*"I believe in luck...I find the harder I work the more I have of it. "*



Hard work makes good luck.

# Comparison of Personal Characteristics of the interviewees

	Personality Traits	Entrepreneur you admire	Advice	What keeps you up at night.
Kent Plunkett	Analytical, visionary, compelling communicator, strategist <sup>1</sup>	Ted Turner – vision, sports and work achievement <sup>1</sup>	Help others succeed and know when to fire someone. <sup>1</sup>	difficulty developing someone and firing the person <sup>1</sup>
Brock Bukowsky	Competitive, passionate, caring, empathetic, faithful, Integrity <sup>3</sup>	Someone who built a business and gave most their money to charity. <sup>3</sup>	Plan on needing 2x what you think for start-up . Discover your talents. <sup>3</sup>	“Sleeps like a baby” <sup>3</sup>
Brant Bukowsky	Risk taker, loves new challenges, ADHD <sup>2</sup>	People who do “game changing things” <sup>2</sup>	Try many things. You will fail much more than succeed <sup>2</sup>	1. Changes in industry 2. Firing people <sup>2</sup>
Mark Cuban	Competitive, outspoken, business adrenaline junkie <sup>4</sup>	Bill Gates, Larry Ellison, Old school entrepreneurs <sup>4</sup>	Know your product and environment better than anybody. <sup>4</sup>	1. Family 2. Staying ahead of the tech. curve <sup>5</sup>

# Comparison of Interview Businesses

	Salary.com	Mortgage Research Center	HDNet
How did the business idea originate?	Vision of Kent Plunkett <sup>1</sup>	Helping a veteran get a VA loan. An email from now CEO Nathan Long <sup>6</sup>	Belief that the price of LCD TVs would decline and High definition would be mainstream <sup>5</sup>
How was the business start-up funded?	\$300,000 from family and friends <sup>1</sup>	Money from Show-Me Tickets which was originally funded w/ credit cards. <sup>3</sup>	Mark became a billionaire after selling broadcast.com to Yahoo! <sup>5</sup>
How did they obtain their customer base?	Used previous experience with web based advertising <sup>1</sup>	“Search” engine marketing/ Optimization, pay-per-click adds <sup>3,6</sup>	Time Warner Cable, DirectTV, EchoStar, Charter, Insight, DishNetwork <sup>4</sup>
What were some Challenges?	<ol style="list-style-type: none"> <li>1. Getting people to see and believe the vision<sup>1</sup></li> <li>2. Attracting and retaining quality employees<sup>1</sup></li> </ol>	<ol style="list-style-type: none"> <li>1. Getting people to take them seriously because of their age <sup>6</sup></li> <li>2. Funding<sup>3</sup></li> </ol>	<ol style="list-style-type: none"> <li>1. Mark’s outspokenness<sup>5</sup></li> <li>2. Radical ideas and stepping on toes of other big players<sup>5</sup></li> </ol>

Wrap-Up

# Team Deduction

- Who are entrepreneurs and what are their characteristics?
  - ❖ An entrepreneur is someone who is willing to take calculated risks for the benefit of their vision.
  - ❖ They will lead, sacrifice and motivate to the end.
  - ❖ They can be anyone; man, woman, young, mature, educated, or lack thereof.
  - ❖ These people do not allow themselves to be stereotyped, they come from all walks of life.
  - ❖ Once their vision is self sustaining, the entrepreneur will often leave and begin bringing life to a new innovation.



Thank you for your time and  
remember, you may be an  
**ENTREPRENEUR!**

Questions?



# References and sources

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3. Entrepreneurial Negotiation: Understanding and Managing the Relationships that Determine Your Entrepreneurial Success by Samuel Dinnar , Lawrence Susskind , et al. | Aug 16, 2018
4. Start-Up Saboteurs: How Incompetence, Ego, and Small Thinking Prevent True Wealth Creation by Ziad K. Abdelnour | Dec 31, 2020
5. 99 Negotiating Strategies: Tips, Tactics & Techniques Used by Wall Street's Toughest Dealmakers by David Rosen | Oct 4, 2016
6. Negotiating for Success: Essential Strategies and Skills by George J. Siedel | Oct 4, 2014
7. Venture Capital Deal Terms: A guide to negotiating and structuring venture capital transactions by Harm de Vries , Menno van Loon, et al. | Aug 1, 2016