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All A-Twitter

An award-winning Ivey case explores a range of issues around Internet-based start-ups

The founders of Twitter, the phenomenally successful micro-blogging application, struggled to find a name for their new service when it launched in 2006. Wanting to capture the idea of buzzing a friend's cell phone each time a message was sent, they considered the name "Twitch," but decided it didn't have the right feel. Co-founder Jack Dorsey describes what happened next: "So we looked in the dictionary for words around it, and we came across the word 'twitter', and it was just perfect. The definition was 'a short burst of inconsequential information,' and 'chirps from birds'. And that's exactly what the product was."

From small beginnings, Twitter has grown to nearly 200 million users and a valuation of more than \$8 billion. The application has been credited with helping elect Barack Obama and fuel the uprisings of the Arab Spring.

Interestingly, the company still hasn't made any profit. That's the puzzle at the heart of one of Ivey's most popular cases, *"The Entrepreneurs at Twitter: Building a brand, a social tool, or a tech powerhouse."* Written by Professor Simon Parker, Director of the Entrepreneurship Cross-Enterprise Centre, and case writer Ken Marks, it was one of Ivey Publishing's top sellers in 2010-2011.

"Twitter is a much-discussed company, a media darling," says Parker. "It's also something of an enigma from a traditional business standpoint. It has concentrated purely on building up its user base, and for a long time seemed to set its face against any type of monetization." It's a similar model to those that launched media giants Amazon, Facebook and Google. Parker decided it would make a fascinating issue for class discussion.

Marks and Parker approached Twitter about working with them on the case, but received no response. Instead, the case is based on research in public sources.

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Institute Buzz

By Stewart Thornhill,
Executive Director, Pierre
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Entrepreneurship

The end of the school year always catches me by surprise. Rationally, I know that by the beginning of April out HBA and MBA students will be loading cars and trailers with clothing and furniture and updating their contact information with their new locations. But it still seems to arrive each year with surprising suddenness.

And, among each outgoing cohort of new graduates are the entrepreneurs. Some have already launched their latest ventures while still managing a full course load at Ivey. Others have been crafting their business plans under the mentorship of Ron Close and his dedicated team of Virtual Entrepreneurs in Residence (see our feature on Sensimat elsewhere in this newsletter). And others still are leaving London to begin jobs, but with the seed of entrepreneurial ambition firmly lodged in their minds, their sensors active and their networks primed to recognize opportunities.

It's hard to understate the importance of our networks, our personal webs of friends, acquaintances, contacts, references, affiliations, and alumni. And, as our networks – and our positions within them – gain importance, so too do the challenges of managing out social contexts.

With every additional link or nodes comes increased complexity and the signal to noise ratio can be swamped by background chatter. At the Institute, we know how hard it is to sort through the daily barrage of phone, e-mail, text, web, and other various and assorted channels to which we each are tethered. And if you have persisted in reading to the end of this column, I thank you for allowing us to make it through your filters and to include us in your web of knowledge.

Enjoy the issue, stay connected, and look out for our latest generation of entrepreneurial graduates. You can be sure they'll be working hard to be noticed.

Hands-on Learning

With the New Venture Project students face the realities of launching a new business

“The big take-away for me is that we **can** do it, and it’s not a thousand years away.”

That’s Will Mann, MBA ‘12 candidate, talking about his experience with the Ivey New Venture Project (NVP). The NVP is a team-based field project that takes students through the process of developing and refining an idea for a new venture, researching the opportunity, writing a compelling business plan, and presenting the plan to a panel of experts. An alternative to the Ivey Consulting Field Project, the NVP is increasingly popular, with 89% of the MBA class choosing it.

Mann’s team came together around an idea developed by classmate David Mravyan. Building on previous work he had done, Mravyan envisioned a product that would help prevent pressure ulcers for patients confined to bed. Pressure ulcers, often called bed sores, cost the North American healthcare industry more than \$14 billion a year. His idea was to use wireless sensor technology to create a mattress cover capable of measuring pressure, temperature and moisture and alerting caregivers when and how a patient needs to be repositioned. For him the NVP was a perfect opportunity to refine and test his business idea.

Mravyan approached Mann, president of the Health Sector club at Ivey, with the idea. Together they sought team members, mostly

from the Health Sector stream, who were interested in the project and might even want to work on it after graduation. Each team member brought something valuable to the project. Jasher Carating had a strong background in finance. Allyson Tighe and Brent Stead had extensive experience in health care. Mann understood the regulatory issues, Jatinder Gill brought his consulting experience, and Mravyan contributed his engineering expertise and the idea itself.

In addition to a formal classroom component led by Ron Close, Director of NVP, the team was assigned Steve Gunn, CEO and co-founder of Sleep Country Canada, as their Executive-in-Residence (see sidebar). Says Mann, “He gave us his idea of what the competition would look like, and some really good feedback on what information we needed to get funding.” The team also consulted with Ivey Professor Greg Zaric, the Canada Research Chair in Health Care Management, and Dr. Janet Martin, Director of the High Impact Technology Evaluation Centre at London Health Sciences Centre.

The team divided up the work, and then met every two or three weeks to monitor progress. They entered and won an elevator pitch contest, with the prize of presenting to Kevin O’Leary of *Dragon’s Den* fame. O’Leary approved of the idea and gave them valuable tips on refining their plan.

Once the plan was complete, Gill designed a sophisticated Powerpoint presentation and each team member took a section. They rehearsed carefully to ensure they could cover everything in the 20 minutes allotted. There was an opportunity to practice at the IBK Business Plan competition, where they were the only Ivey team to reach the finals. Then in early February they presented their "pitch" to an external panel of investment professionals.

Each team member found NVP a valuable learning experience. Mravyan says it was good for him to hear the perspectives of the review panel. "Presenting to them was a chance to get into the minds of real investors, and figure out exactly what concerns they have."

Stead was struck by the sheer complexity of putting together a business plan. "I was amazed at how much detail it takes, how granular we had to get for this to be valuable to a potential investor," he says. Carating learned that asking for help from experienced people like Gunn and Martin is part of the process of entrepreneurship.

89%

of the MBA class choose to participate in the NVP Project

Tighe says the NVP experience opened her up to the possibility of entrepreneurship as a career. "I had never really thought about being an entrepreneur, because it didn't seem to fit my risk profile. But the more you do it, the more you realize that it's calculated, intelligent risk."

The team members will be participating in two additional business plan competitions and are planning to pursue their idea after graduation. They are actively seeking funding and already have a hospital ready to test the prototypes. Says Mravyan: "If we can get the funding, there's a significant role for each of us in the development and launch of this product."

Good Advice



Steve Gunn, MBA 81, (far left) Chairman, CEO and co-Founder of Sleep Country Canada Inc., serves as Entrepreneur-in-Residence for the New Venture Project

Steve Gunn modestly says that his role in the New Venture Project is to share with Ivey students the mistakes he's made

along his entrepreneurial road. But clearly it hasn't all been mistakes. Over the past 20 years Gunn and his partner Christine Magee, also an Ivey grad, have created a mattress retail empire, with more than 140 stores across Canada and the U.S.

Gunn says he took on the volunteer position in part to give back. "Ivey was an important step in my business career and personal development," he says. "It's easy and fun for me to share my experience with students." As Entrepreneur-in-Residence, he meets with a group of students several times throughout the project, providing help and advice. This year, he worked with the MBA group working on a sensor pad designed to prevent bed sores.

Here's some advice from Gunn:

Be sure your business idea addresses a problem. With the sensor pad idea, the group zeroed in on solving a big, obvious, and expensive problem. Sometimes students come up with a solution in search of a problem.

As you develop your idea, focus on the consumer who is going to buy your product. Ask yourself what it would take for him or her to part with the purchase price. Work to understand his or her perspective at the point of purchase.

In the case of health care, know specifically who makes purchasing decisions in the hospital or long-term care home and what evidence he or she needs to make a decision. The best way to find out is to interview someone in the right position. For this group, it was also critical to have an institution willing to conduct a pilot study once the prototype was ready.

In preparing your presentation put yourself in the investor's shoes. Ask yourself what it would take for him or her to write a cheque. Ultimately, that gets down to your understanding of the consumer, and your model for how the investors are going to make money.

Gunn says the NVP is a valuable experience for young businesspeople, whether or not it leads to a real business. "Theory is great," he says, "but nothing beats taking theory for a spin. Developing a business from soup to nuts brings all the theory to life and makes it real. It sticks in your brain with a deeper and richer meaning."

Parker says it raises a number of key issues for both students and entrepreneurs.

He begins by asking his students whether Twitter is just a bright idea, or a real business opportunity with the potential to generate revenue and profit. He also asks them to consider the record of the founders, who had created other innovative Internet-based products but never actually built a business around them. He says future entrepreneurs need to recognize the difference between a “serial inventor” and a “serial entrepreneur.” It’s also important to think about what it takes to sell a start-up, close it down, or stay with it and grow it, and why they might choose one option or another.

Parker also asks his students to think about the benefits and challenges for companies

looking to use Twitter internally or externally. Many organizations (including the Institute for Entrepreneurship) are exploring the potential of Twitter to better understand their consumers, market their products or foster collaboration among employees.

The third issue Parker raises relates to marketing. Companies like Twitter generally depend on so-called “evangelism marketing” – word-of-mouth recommendations that go viral online. But is that enough or will a new marketing strategy be needed when the company begins to offer paid services?

Finally, of course, there is the central question of whether Twitter can earn profits, and if so, how. Parker encourages his students to be creative and collaborative as they develop options for the company.

The *Entrepreneurs at Twitter* case illustrates a wide range of entrepreneurial issues, from serial entrepreneurship and opportunity recognition, to monetization, marketing, and information systems. In addition to earning revenue for the School, Parker says cases like this one build Ivey’s profile and brand. They also help faculty members understand the inner workings of businesses.

What makes the case so successful? Perhaps it’s partly the fact that it is still unfolding. It’s likely, Parker says, that Twitter is currently focusing on monetization and will soon introduce new products. He continues to update the case regularly as information emerges. “It’s all moving very quickly,” he says. “This is definitely a case you can take your eye off.”

Alumni Spotlight

Gabriel Diamond, HBA 2010
and **Lee Berger, HBA 2010** talk about how NVP helped to shape their current business venture, WinJunkie.com



New Venture Project helped us throughout this journey in several ways. Firstly, NVP taught us the value of setting goals and constantly reassessing your business plan. As you develop your business, and receive constructive feedback from prospective clients, customers, and employees, you begin to adapt your plan accordingly. Especially with web-based businesses, peoples tastes and the competitive landscape can change rapidly, and you need to be able to react as quickly and efficiently as possible. As a result, we learned to update our business plan as we go in order to stay focused and up-to-date.

Secondly, NVP provided valuable lessons relating to growth management. Whether your business is subject to explosive growth or gradual growth, it’s critical to have a plan in place that will address either scenario. In the world of social media, often times online businesses are “hit or miss”. Sometimes your website will have viral success and become the next Twitter. Other times you will have a grand official launch and sputter out a few weeks later. Regardless of the outcome, it’s important to prepare for growth. Since WinJunkie is a business that has the potential to grow very quickly due to Facebook & Twitter exposure, we’re ensuring that we are ready for any challenges associated with hiring new employees, acquiring additional servers, and managing day-to-day logistics.