

# REBOOT

In Search for the Land of Opportunity



**Jawwad Ahmed Farid**

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# DEDICATION

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*“Behind every successful man is a penniless wife.”*

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*To loser husbands and loving wives;*

*To Fawzia for saying yes;*

*To my Ammi(s) for their support and prayers;*

*To Abba for believing in us despite our failures;*

*To Whitney, Biggadike and Ken for asking “Why not?”*

*To Sarwar and Denise for Avicena.*



# FOREWORD & PREFACE

# FOREWORD

Entrepreneurs seem to come in two varieties. There are those that begin small ... perhaps with an invention close to home, building a product to meet a very specific need, either for themselves or for a friend in another business. They build the first iteration on a shoestring, and deliver it to their inaugural customer. They experience some success, and sell the product to other customers.

Before they know it, they have a fledgling business. The business grows without a rigorous business plan, board of directors, disciplined marketing, or any of the other accoutrements of mature firms.

These businesses grow easily up to the point where the entrepreneur can no longer personally manage every facet of the business. At this point, most of these endeavors struggle, hitting the wall without disciplined processes and procedures. A small percentage of these businesses make the transition to mature management processes of planning, implementing, and measuring. Many remain small businesses, staying within the founder's comfort zone. And many die.

I've always called this business founder the "accidental entrepreneur". They are driven by need. They create a product to solve a focused problem, but are rarely driven by a love for business in the abstract, or business as an art form. Often they are surprised at their own success, having begun with modest goals. They soon find that building the first product, taking on the role of inventor, is very different than the role of businessman. Most fail when they either can't or won't transition from building a product to building a business.

This book is not about the Accidental Entrepreneur. It is about the "purposeful entrepreneur". The Purposeful Entrepreneur begins with a big idea. Not the solution to a small, focused problem, but an idea with larger scope and impact. From the very beginning the Purposeful Entrepreneur plans on building a business with impact. They think further ahead. They have visions of greatness. They are driven by scale. They want to change their piece of the world.

But most of all, every Purposeful Entrepreneur that I have known loves business. Business for business' sake. As an art form. As the highest expression of the most complex strategic games that humans play.

So what does the Purposeful Entrepreneur do? They plan on bigness from the start. They plan on success. They plan on rapid success. But mostly they plan. They put the right team together. They raise capital. They execute quickly. They succeed or meet the Blue Screen of Death.

The world is littered with books about entrepreneurial success. Even books documenting high profile failures begin with wild success. But most attempts to create significant businesses out of dust do not end with entrepreneurial success. They end in anguish.

When the Accidental Entrepreneur fails it is a painful thing, but the sphere of people touched by the event is limited by the scope of the startup. When the Purposeful Entrepreneur fails...well, we are left with a much bigger hole in the ground.

Why is there so little written about entrepreneurial failure, with this the more common experience? For one, it takes a lot of courage, confidence, and borderline audacity to walk the path of the Purposeful Entrepreneur. When failure happens, it shakes one to the very core. Few want to talk about it, let alone write a book. Most retreat to the safety of traditional employment. A few lick their wounds and give it another go. Fewer yet eventually succeed.

“The Blue Screen of Death” is an important book. It captures the very essence of the gut-wrenching effort it takes to create a company from nothing. And even though it is fundamentally about failure, you will recognize that the difference between failure and success is but a few small decisions. Jawwad Farid, now a successful entrepreneur, emerged from failure more valuable than if he had succeeded. He learned the process, but also learned much about the inflection points that define failure and success. Jawwad is one of the few that took stock of the lessons learned, greatly expanded his personal capital, and gave it another go.

In the end, if you hunger success, it is most important to study failure.

**Shane A. Chalke**  
**Entrepreneur**

# PREFACE TO THE THIRD EDITION

## Why Do Startups Fail?

No, really, why do we fail?

Why isn't an even mix of ambition, inspiration, hard work, talent, drive, commitment and creativity enough? And why more often than not, a superior mix of the above ingredients fares much worse than a boring, passé combination.

I have spent the last two decades asking this question. I have asked dreamers, students, gurus, teachers, failures, entrepreneurs, friends, investors and partners. Yes there is a list of causes as well as a checklist of do's and don'ts; if you want or don't want to fail. But there is apparently also a common cause of failure. More common than the common cold. Like the common cold, symptoms that you could defend against by dressing in layers, getting your daily dose of vitamin C and D, washing your hands frequently and getting off that comfortable padded chair.

It's called pitching and selling, shaking hands and closing deals. Startups fail more often than not because the founders don't understand the process of selling. They don't get it. They are not comfortable with persuading, pushing, asking and closing.

What do founders do when they come across something they are not comfortable with or good at? They outsource it. At times to an in house rain maker, occasionally to an outside partner with uniformly disastrous results.

But selling shouldn't be that difficult or scary. To sell we have to get customers to try our products, ask them to buy it after a trial and then close the deal. **Trial. Ask. Close.**

Three words. Words that have sunk many a startup before you and will keep on sinking them for times to come.

The first edition of Reboot (Blue Screen of Death) was dedicated



**Trial**



**Ask**



**Close**

to understanding failure. I was curious about the wrong turns I had taken that led to two painful dead ends and fairly large holes in the ground. The second edition was one part cleanup and one part what followed Avicena years. When we published the two editions, failure was common but its coverage on Borders' bookshelves was minimal.

8 years later failure is now sexy and much talked about and Borders is gone. You can actually go out and buy a book on the subject (this being one of them). There are a number of frameworks out there that even help you manage it when it occurs. Is there still a need for a book? Or even worse, a third edition?

I guess you can blame it on the Asia Pacific ICT Awards, the P@SHA Social Innovation Fund and over a thousand MBA students at the SP Jain campus in Dubai and Singapore. As we worked through hundreds of business plans, pitches and mentoring sessions all across the Middle East & Far East it became obvious that the second edition was also lacking.

It's easy to identify a problem. (Teach teams how to pitch). It's difficult to find a fix that works. While we partly discussed solving some of the challenges in earlier editions, selling and pitching required a more detailed treatment. If you knew that the inability to sell was the root cause of most failures, a book on the subject should devote some attention to how you could fix that one specific problem. Luckily Ken Morse and Bill Aulet from MIT's Enterprise Forum showed us a way with their seminar series on global selling.

Selling is not rocket science. It is a process. Pitching is one of the steps in that process. The challenge is that while marketing is taught well in most schools, pitching and selling generally don't get as much attention.



With the work done on customer personas by Steve Blank and the minimal-acceptable-feature-set-thinking of lean startups, there is now no shortage of frameworks or case studies on customer development, pitching or presenting. Practice a bit and you can get it right too.

Which is what the 3rd edition of Reboot is all about.

A bit of practice, some thinking, a few case studies and a handful of resources on pitching, combined with the original focus on failure. The iPad platform makes it more interactive and the videos add flavor and color that were missing from earlier print editions.

I have modeled it around the format used for teaching the pitching crash course in Karachi, Dubai, Bangkok, Kuala Lumpur, Singapore, Macau & Jakarta. Using the same template our national teams grew their medal's tally from an honorable mention to 7 wins at the Asia Pacific ICT Awards in Malaysia and Thailand. It is now default training for any applicant to the P@SHA Social Innovation Fund challenge and the P@SHA Launch Pad events.

Drop me a line if you can about your reactions. But first go forth, dream, pitch and sell.

**Jawwad Ahmed Farid**  
**Karachi**

**9th April 2013 - [Financetrainingcourse.com](http://financetrainingcourse.com)**

# PREFACE TO THE SECOND EDITION

What a difference three years and an economic cycle make! When the Blue Screen first came out in March 2006, we certainly didn't expect the reactions or the reviews. Three years later it is being used as a text book as well as background material for case studies at Lahore University of Management Sciences (LUMS), FAST NUCES in Pakistan and SP Jain Institute of Management and Research in Dubai. On the informal circuit it was featured by PASHA, PSEB and the Startup Insider series in Karachi, Lahore and Islamabad. For any author random notes of appreciation from individuals one has never met, from parts of world one has never been to, are the most gratifying reward. I was no different.

When we wrapped up the revised edition in July 2006, a second edition was not on my mind. But half an economic cycle later a number of things have changed. Alchemy, the business, featured in Reboot, has new stories to tell. The funding we sought for Avicena was finally raised for Alchemy. Summer of 2006 we ran into Ken Morse and the MIT Enterprise forum in Karachi and a year later finished as runner's up in the MIT CEF Business Acceleration Plan competition. Rather than heading west, we headed east for growth and found partners and friends in Bangkok and Singapore. Six years out of starting blocks we broke the 50 headcount and the half a million dollars in revenues barrier.

A rewrite of the reboot chapter was necessary and has been done. The next big question was playing with the name. Three years ago, the blue screen of death was a very recognizable symbol. In 2009, I have been free of the blue screen for more than two years. Given, the rewrite of the reboot chapter, we thought it would be nice to make that the theme for the second edition.

The year that was 2008 has filled up the ranks of individuals who have no other option but to give entrepreneurship a shot. But their single biggest fear before they step on destiny's road is failure. The second edition goes out to them in the hope that the lessons learned by a thirty year old with stars in his eyes would help other dreamers take their first steps.

**Jawwad Ahmed Farid**  
**6th April 2009 - [Alchemy.com](http://Alchemy.com)**

# AUTHOR'S NOTE

During my earlier academic and professional life in Pakistan, I never thought I was destined for an MBA at an Ivy League school, that I would take the plunge into Startup Land, or that I would fail miserably at a number of attempts to earn a living by cutting myself a check.

To a significant extent, these thoughts had been reinforced by my father's experiences as an entrepreneur. His choice of livelihood left two strong but conflicting impressions on my young mind. First, working for himself afforded him a degree of personal, professional, and financial flexibility that everyone envied. Unfortunately, the downside was the unpredictable schedule of his income stream that at times left my family wondering whether we would be better off with regular paychecks. As an adult, putting my academic and professional training to use in earning a paycheck signed by someone else became my first goal; risking guaranteed pay through self-employment just wasn't kosher.

After paying my college dues and successfully handling the challenges facing a young and rising consultant, I thought I was well on my way to securing that goal for life. With a bachelor's degree in computer science and an ASA from the Society of Actuaries (Associate of Society of Actuaries) under my belt, there were still a number of milestones to be reached on my career calendar, but the path and the pace were both right. I was on the coveted partnership track with my firm, managed a team of 13 professionals generating three times their gross and overhead expenses, and ran a portfolio of eight international clients that kept coming back with repeat business. For someone a few years out of school, I was quite happy and satisfied with the direction my life was taking.

In March 1997, a combination of events changed all that. The first was the acceptance of Nida, my younger sister, to MIT, Harvard, Caltech, and Cornell after her A levels (University of Cambridge equivalent of high school). MIT and Harvard gave her fully funded offers to complete four-year degrees in Boston. My family and I found out one fine morning at 4:00 a.m., when Nida woke all of us up by banging on our doors and jumping up and down with an athletic ability that had not been witnessed before in our family. This was the first hint of something in our shared gene pool that suggested an intellectual profile suitable to attending a school with the right pedigree in the United States.

Soon after Nida's multiple acceptances came a chance meeting with a friend who thought that armed with an Ivy League MBA, there was a higher path way above the one that I was currently on which could be explored even though I planned to return to Pakistan after graduation.

As it happens with destiny, this bit of inspiration (Nida) and bit of greed (friend) was followed by conflicting advice from two elderly individuals I respected. The first person confirmed that a top-ranked MBA would open doors that I was not privy to in my sheltered existence and the second vehemently denied the possibility of any such rumors. When I look back now, I think the denial sealed it. Take a 26-year-old, driven, alpha male, first tell him that professional paradise exists on the other side of the door, then tell him there is no door and then watch.

The door that I opened took me to Columbia Business School and beyond. Did I find professional paradise? I don't know. I went looking for answers to questions and found more difficult questions; there were no easy answers. Which is one way of presenting this book—this book is not about answers, quick, easy, or otherwise. It doesn't document a sure-fire way to succeed or fail, get rich or famous. It tells the story of my life as it happened, circa 1999–2006. Seven years that marked a full circle of dumping a sizable paycheck, family, and familiarity; moving to London; working for Goldman Sachs; starting the MBA at Columbia; living on campus two streets short of Harlem; having a blast writing "the business plan"; picking uncertainty over routine; escaping to California; burying ventures number one, two, and three; returning to family and familiarity; and repeat. Nothing too profound, deep, or insightful, just the stuff life, not dreams, is made of.

Why the book? Well, every other week I meet someone who has an interest in my past because he or she is planning to start something of their own and would love to have a roadmap or a cheat sheet. Rather than handing out informal advice distilled on the spot, I thought insights collected in moments snatched from sleep, work, travel, family, and boredom would be far more reliable.

I didn't want to write a prescriptive text since instructions never did me any good. You have to follow them, which is something I am not good at. So I chose the next best thing and wrote a descriptive one. Many such tomes are dedicated to success, money, networks, connections, and ambitious teams of professionals who could. This one focuses on one who couldn't.

Just as in the first book I read where the hero actually died and was not miraculously resurrected (William Goldman's *Marathon Man*<sup>1</sup>), I wanted to tell the real story. Not

like a bad B movie held together by a collage of borrowed and unlikely plots, but like old love letters drawn from forgotten recesses of our lives.

The love letters were a problem. Five moves in five years had taken their toll in the form of misplaced diaries, storage boxes, and lives. The only constant was data backup. I couldn't do love letters, but I could certainly do emails; extracted from computer backups done in the last days of rushed moves in London, New York, southern California, northern Virginia, and Karachi. With the help of a little context, I have used these emails to tell the Avicena story my way—not in words but in bits—some random, some deliberate. My hope is that these choice morsels will help reconstruct in your mind the setting in which they were originally written.

That is just Book One. In Book Two, I take the material and mix and match it with lessons that I have learned, my list of “do not do's”. If you hate emails, feel free to skip Book One and go straight to Book Two. If you ever find yourself wondering how and where I came up with a lesson in Book Two, head back to the emails and try to figure out exactly where the lesson was learned. If you hate circular references<sup>2</sup> in Excel or oblique treasure hunts, this book is probably not for you.

If you are truly lost, the appendices at the end of the book will help you get your bearings with respect to characters, timelines and lessons.

Penning this tale has been great therapy. It finally helped me come to terms with my personal failure, allowed me to review days past with a more disinterested pair of eyes, and chalked out the path for a new adventure that has now become **Alchemy**.

Alchemy is an Enterprise Risk advisory firm that has grown annually by more than a hundred percent year-on-year for the last three years and is on track to beat that performance again in our fourth year<sup>3</sup>. Where my earlier failed ventures never reached revenues nor paying customers, Alchemy has already crossed an annualized revenue run rate of eighteen million rupees, picked up two industry and peer awards, employs 25 people and in the list of its 35 customers counts the central bank of Pakistan, the largest life insurance company, the largest brokerage house, the largest stock exchange, three of the five largest bank treasuries as well as two ten billion dollar regional banks. In terms of market share Alchemy customers represent more than 75% of banking and 80% of insurance assets in Pakistan. Without putting to work lessons that were learned from earlier failures and reinforced while writing this book, this would not be possible.

A number of people, friends and family primarily, paid for this joyride. Simple words will never be enough to thank them for their generosity, understanding, sacrifices and

support over the last three and a half decades. Rather than naming them one by one, I would just like to say thank you to all of you who have pushed me when I was ready to quit and asked me to step back when I was set to die trying.

**Jawwad Ahmed Farid**  
**Karachi, Pakistan**  
**Alchemya.com**

<sup>1</sup> William Goldman sold out and did just that in *Brothers*, the sequel to *Marathon Man* in which Scylla is whisked off the scene of his death and given a new life.

<sup>2</sup> A refers to B, B refers to A, you need both to find out A and B's value.

<sup>3</sup> Yearly gross revenue growth rates - 1000% year 2, 123% year 3, 216% year 4.

# CHAPTER ZERO

*“Is that what they are teaching at business school these days? To walk away from a shot at a few hundred million for seventy thousand after taxes?”*

You have never met Sarwar. Sarwar to friends, SM to partners and clients, Mr. Mushtaq to others. Direct and curt now, attentive and charming a few seconds later. You could predict high tides and phases of the moon, but you could never tell where you stood with him. Take an artist, throw in the right mix of eye, moods, controversy, awkwardness, conflict, and color and you will have Sarwar.

With an aura of mystique and a hint of mischief in his voice, he loved throwing challenges at unsuspecting audiences. The wiser ones walked away; the less fortunate took the bait. I am not sure if it was wisdom, fortune, or the absence of both that led to the conversation we had just finished. Looking back, I know that the book that follows would never have been written if either had prevailed. The shot at a few hundred million was a business plan that had been written, tested, and put aside. My group had gotten a decent grade on the class project, which was the first warning sign. In a world of contrarian successes, any project that garners more than a C should be interpreted as a failure. In our infinite wisdom, we had shelved it because every member of the original team who had touched the plan had chosen certainty over ambition. Arno was off to CSFB in London, Ken to Hudson River Inlay, Kamar to BCG in Boston, Jun to Korea, and Daniel to the public policy school down the street.

As for me, the seventy thousand after taxes were two offers, one in New York City, the other in Tampa, Florida. I had been a conformist most of my life, the guy who wanted to belong, be liked, and who always did the safe thing. Until, that is, Sarwar decided to play truth and dare. The odyssey that began with his words took us across the Pacific, the Atlantic, and back; put us in the boardrooms of the third largest bank and the most

admired automobile manufacturer on the planet; and made Yahoo and Reuters call us the same day my apartment owner placed an eviction notice outside my door. It also taught me something much more important—the wisdom of walking away, both from kingdoms in our minds and from each other.

They say God fashioned paradise after California, which is where I left Sarwar a year and a half later for exactly \$68,400 after taxes. I left because it was time to say goodbye. This was one thing they had taught well at Columbia: firm handshake and don't forget to send a thank-you note later. There were no cherry trees, sunny afternoons, or old friends at the last rites. I went to the gym, swam a few laps, and when I came back it was over. I had washed myself clean of the spirit, doubts, and heartbreak. Only debts remained.

An awkward conversation with SM and Denise started the disengagement process. He drove me out to Dana Point just past the Ritz at Laguna Nigel. A short hop down steep, creeper-lined stairs and we were on a beach that was just a shade lighter than the mess we were in. We walked, listened to the sea breeze, enjoyed the sunshine, and talked. The Pacific watched us silently as we chatted about why, why not, faith, and our place in the lives that we had put on hold beneath the Californian sky. It didn't help. I didn't have the answers he needed; he didn't know the questions I was answering.

This is our story. There are no happy endings at the end of this book. Avicena was dead; long live Avicena!

# WHO AM I AND WHY DID I WRITE THIS BOOK?

I was born in Karachi<sup>4</sup> but spent every other summer in Bombay. Neither of the twin cities could survive two consecutive summers of my loving attention. I still refer to myself as a Bombaywala (meaning from Bombay) first and a Karachiite second. Bombay, after my refusal to cease and desist from using this unsanctioned affiliation, switched to the name Mumbai.

At the impressionable age of 14, I found myself working as an intern in a hightech startup named Next Hardware Shop. There was active debate on whether it was Sarwar or Steve Jobs who came up with the name first and who should sue whom. All the more so because Sarwar's Next sold and repaired Apple computers in Pakistan<sup>5</sup>. Before long, it really didn't matter since both Nexts first slipped into disrepair and then obscurity.

It was at Next that I set the precedent for the rest of my life—blowing up power supplies and writing off expensive and (then) rare portable computers. Within a few days of my arrival, I was banished from the organization's workshop and all things electrical. Over the next two decades my family and friends added to this "can't-touch-this<sup>6</sup>" list plastic (bags, wrappers, Ziploc and the spending friendly kind), plumbing, driving, baby sitting, real work, and the ability to earn a living.

Years of sloth and an inability to make quick decisions ultimately presented me with a career choice between software engineering or actuarial sciences. I failed to pick either one in time and had to opt for both. This profound combination led to a calling devoted to building really bad actuarial software, followed by equally disastrous attempts to sell the same.

Somewhere along this path, I managed to pick up an FSA (Fellow Society of Actuaries) designation and an MBA from Columbia Business School (the one in New York) and decided to step out into the real world on my own.

My international career began with a talent for getting lost in London (first), Boston (next), and Washington D.C. (last) on cold and wet winter evenings. This was balanced by a similar talent for getting lost in Jeddah (first), Dubai (next), and Riyadh (last) on hot

and humid summer nights. Along with my adventures, I discovered mismanagement, late deliveries, budget over-runs, allnighters, personality conflicts, Mountain Dew, nachos, Bob Seger, 10-speed bikes, Costco, credit cards, midlife crises, Pacific Coast Highway, working with family, and bugs that defied pesticides and all known laws of physics, biology, and chemistry. I also lost the equivalent of my forefathers' combined lifetime earnings in less than a year and topped this dubious distinction by quickly borrowing and then repeatedly losing similarly enormous amounts within progressively shorter intervals.

In the hope that my children may someday learn from their father's misadventure and that my friends, family, and parents may forgive me for my displays of greed, ignorance, arrogance, selfishness, anger, and quite often just plain bad manners, I wrote this book. In step with my character, I expect everyone to pick up a few copies and pay for them. Random strangers are excluded from this condition but their compliance would still be appreciated.

<sup>4</sup> *The commercial capital of Pakistan, Karachi boasts a population of 15 million and a cosmopolitan mix of souls who are at each others' throats more often than not.*

<sup>5</sup> *In the mid eighties, with the bleeding edge defined by 4.7 Mhz personal computers, repairing Macs off Zamzama in Karachi was as hightech as hightech could get.*

<sup>6</sup> *Immediate family members on my ability to deal with plastic: "You can't ask Jawwad to do anything with plastic since he is hopeless with it. We can't even understand what Columbia saw in him or how he even survived London, New York, California and Virginia".*

## AND NOW FOR THE OFFICIAL REASONS:

Ideas for a new venture arrive with a moment of blinding insight. Some start as accidents; others take us years of wandering effort to gel the real concept into shape. Regardless of the cause, for most new ventures, the flash of inspiration is followed by a downhill journey that fades into insignificance. It is a rare venture whose original vision and potential are fully realized.

Why is that? Unlike parenthood, there is no paternal instinct that guides us in nurturing and growing young businesses. Beyond the missing paternal instinct, there is an observable pattern of repeated fatalistic behavior that indicates failure is neither well documented nor well understood.

My fascination with failure has now spanned 15 years – years spent with new ventures in some shape or form, be it as intern, employee, consultant, customer, vendor, owner, investor, student, mentor, or innocent bystander. And I found the same parallels in every domain: risk management, insurance, counseling, consulting, off shore outsourcing, e-education, capacity building, training, customers, employees—you name it and someone took the time to write about the right way of doing it.

What about the wrong way? Every time I went down in flames, I would have appreciated something along the lines of “break this and follow instructions in case of an emergency.” Post failures, rather than reading about successes, as a therapeutic exercise I would have loved to read about other failures. After burning through three years of my life and savings and money that I didn’t have, I didn’t want to read about the ones who got away. I wanted to read about the ones who didn’t, the losers who proved that I wasn’t the only one. Even during the in-between years when I was a regular wage earner, just plain simple morbid fascination would make me pick up the lone book on failure among shelves stacked with secrets of business success at the local Borders store.

On a personal and religious level, I believe that the one thing we sorely need is good commentary on sure-fire ways to fail. Our desire to compete and succeed is the root cause of all evil (imagine this delivered in a non-evangelical tone with just the right hint of madness in the eyes). A dash of failure every now and then will do all of us a world of good. For one, it is far easier to find God or the equivalent spiritual deity when you are down, lost, and confused as compared to when you are busy celebrating victory. For another, failure, with the comparative isolation that it brings, is a great time to re-examine your life and to decide if this is what you want out of it. A total system reboot is also a good opportunity to take an inventory of your resolve, your commitment, and your drive to succeed. For most of us, failure represents the stuff of nightmares. What will

happen when there is no money in the bank account? If I miss my credit-card payments?

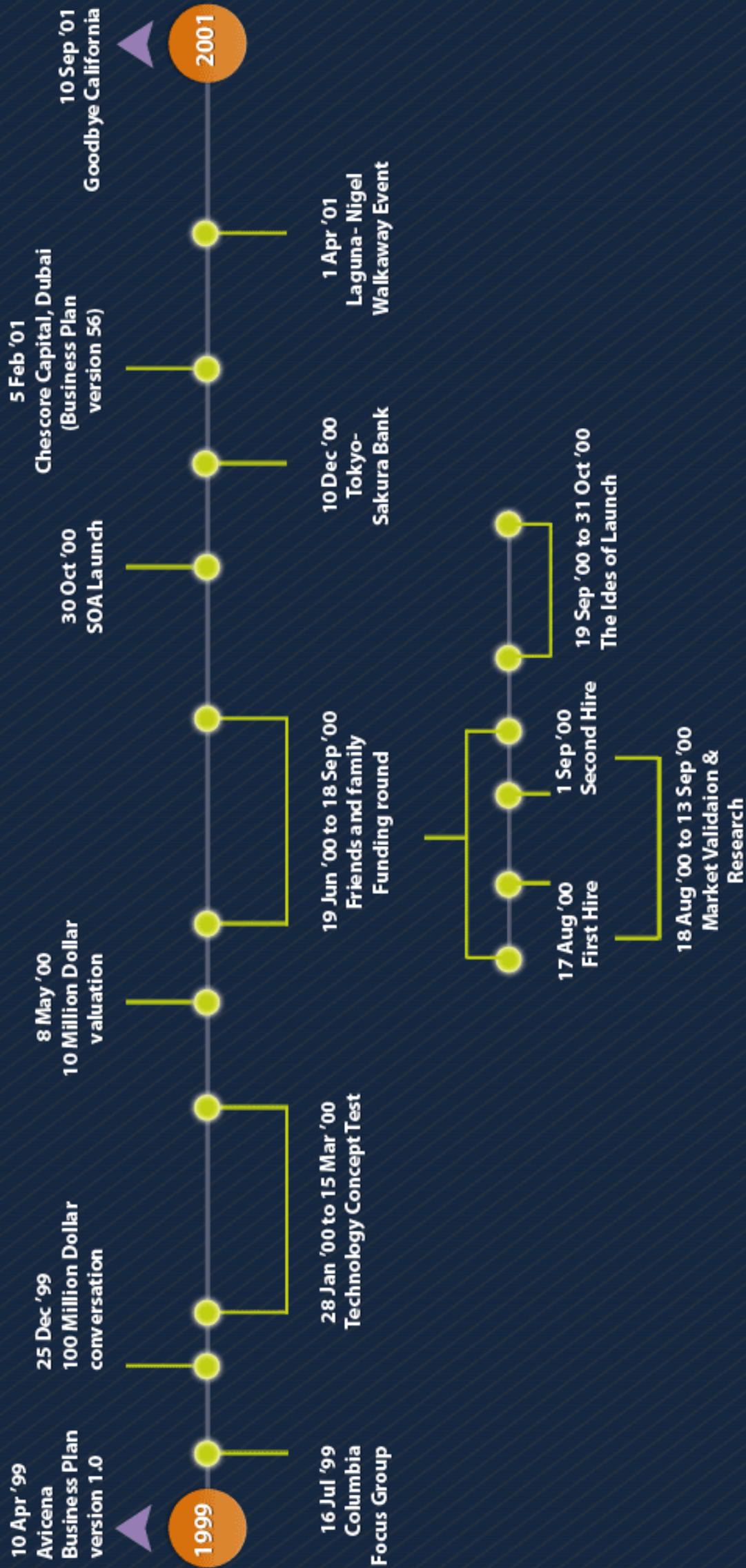
How will I make payroll or even rent this month? What do I tell my employees on the first of the month? Who will cover the bills? School fees and day care, insurance premiums, milk<sup>7</sup>? When will they cutoff electricity, phone, natural gas and water<sup>8</sup>? How bad is that eviction notice?

Is it really that bad? With apologies to Emilio Estevez, Billy the kid, Bob Seger and Warner Brothers, "Why don't you turn the page and find out?"

<sup>7</sup> Somehow there is always a way to pawn sources of caffeine, nicotine and other satanic vices, so you shouldn't worry about those.

<sup>8</sup> Just for the record, if you are short on cash, pay your telephone bills because the Bells (PTCL in Pakistan) are a real pain in cutting off your phone. They are not super efficient; they can just do it electronically. Electricity, water and natural gas you can skip. The last three utilities are far more polite than your local telco provider. The politer ones will first show an outstanding balance in your bill (one month's grace, no rude reminders), then show another outstanding in your bill (two month's grace, still no rude reminders) and then finally send a pay up or we will disconnect notice. You might be able to stretch the notice for a few more days or weeks depending on the size of your city and state. I have only tried this in California, Virginia and Karachi, but I would hazard a guess that you should see similar patterns elsewhere. The only exception to the above would be if the Mafia (Italian, Russian or Chechen) is running utilities in your town.

# AVICENA TIMELINES



# BOOK ONE - AVICENA

## AVICENA SNAPSHOT

<b>Business Name:</b>	Avicena LLC
<b>State of Incorporation:</b>	California
<b>Nature of Business:</b>	Online education
<b>Subject Focus:</b>	Corporate Finance education
<b>Customer Focus:</b>	Banking and Insurance industry
<b>Positioning:</b>	Knowledge acceleration
<b>Business model:</b>	Per course, per seat, per year license
<b>Number of employees/consultants:</b>	6
<b>Rounds of funding:</b>	Two
<b>Years in business:</b>	Two
<b>Total capital raised:</b>	300,000 US\$
<b>Total capital deployed:</b>	820,000 US\$
<b>Technology status at termination:</b>	Interface, website, content & content tools live in Production
<b>Number of courses produced:</b>	Five
<b>Beta customers:</b>	Three
<b>Business plan 1.0 date:</b>	April 1999
<b>Go Live Date</b>	October 2000
<b>Date of death:</b>	June 2001
<b>Business plan edition on date of death:</b>	57A
<b>Famous last words:</b>	This valuation is too low
<b>Reason for Failure:</b>	Read attached 200 page book

# MEMORIES

Broadway and Amsterdam. New York, the year 1999. Cherry trees in full blossom, sunny afternoons, and Sundays. That's how I remember the beginning. Sunday is the only day to experience Columbia's Riverside campus as a firsttimer. Tucked between Broadway and Amsterdam with Riverside Church and the Manhattan School of Music on one diagonal end, it looks down on a street sprinkled with delis, corner shops, watering holes, and ethnic restaurants on the other. Walk a little farther towards downtown, away from the campus, and you will come across an old church squatting in the midst of 20th-century construction. Where the church on Riverside is sleek, tall, and elegant, St. John the Divine is flat, broad, and wide. Both will catch your eye.

When Saboor, Fawzia's cousin, took us for our first look it was a Sunday. We parked on 120th, right next to the School of Engineering. Fawzia and I stepped out of the heated Camry into chilled December and looked around. We were here! A wide empty road deserted by traffic welcomed us to a brownstone forest made of multistoried dorms, schools, apartments, and walkways, topped with clear blue skies and served with an ice cold breeze.

Our personal tour of the campus led us across cobbled pavements, past bare trees and the imposing façade of the two libraries off College Walk. I couldn't believe this was all ours to experience for the next 18 months, especially after what we had just gone through in London<sup>9</sup>. The business school was closed for another two weeks and the security guard at the entrance wouldn't let us in. We were early but I had seen enough. It was love at first sight.

<sup>9</sup> *The US embassy decided to decline my F1 student visa application for the MBA program at Columbia University twice. The week before I was all set to say goodbye to the MBA program and head back to Karachi, they relented on Columbia intervention and issued me a visa.*

# INCEPTION

A classroom off Broadway and a breakout room overlooking Amsterdam is where Avicena was born. The birth was relatively pain-free and for the first couple of days, we weren't sure if it was anything more than a stillborn class project masquerading as a business plan.

The classroom in question would be booked for the last class on Thursday evening scheduled an hour before sunset. There were 15 of us in the room forming a U on comfortable chairs. Some from SIPA<sup>10</sup>, some from the business school, all with more than a passing interest in the subject Don Sexton taught. Don would arrive five minutes before class start time, pulling his black roll-on suitcase filled with a 30-year collection of tapes, handouts for the day's session, and his Anthony Hopkins smile. The room would fill quickly once his presence became known. For the next few hours, he would weave a majestic show that focused on global marketing. Beginning with a selection of the best TV spots ever made, from automobiles (The VW Bug/Beetle) to soft drinks (Mountain Dew), from instant coffee (Taster's Choice) to overnight delivery (FedEx), we learned what it took to establish and grow a brand internationally. Don had taught the subject for three decades and knew how to hold his audience.

One would expect attendance to be thin; this was, after all, the last class of the week, competing for attention with the happy hour and the weekend. Party sounds from Uris<sup>11</sup> Deli below would softly sneak in through window frames and vents in the room. The more adventurous among us would step out and come back with salvation in plastic cups and on paper plates.

For the duration of Don's class and much later, I walked passed the cherry trees standing guard over the side entrance on Broadway. Canvassed against the façade of Earl Hall, white blossoms would stand out in the reddish haze cast by the dying sun. On my short trek to Room 310, I would step inside and they would be there. Most days I would sneak a look for signs announcing the arrival of spring. For me, the first bloom of blossoms, before the leaves filled out the contrast, would always be associated with the first draft of our business plan. The second bloom with the search for our name and incubation; the third and final with our demise.

Things moved slowly for the next six months. There was research that had to be done and as much thinking; both were carried out willingly on the stairs in front of Uris on sunny afternoons. In its initial stages, all the business plan had defined was a possible need; it was silent on how the ultimate finished product would be built, what platform would be chosen, who would build it, who would write the content, who would buy it,

and a thousand other questions that were asked, answered, debated, and then asked again. Arno, Ken (Bates and Whiskey), Kamar, and I became fixtures in the corner room overlooking the deli that served an unending supply of tuna on rye, fried fish fillet, iced tea, and rice pudding. The lone white board serving as our battleground, the business plan our empire.

<sup>10</sup> *School of International and Public Affairs is the public policy school at Columbia.*

<sup>11</sup> *Uris Hall sits snugly between the entrance to the gym and Columbia's School of Engineering and houses the business school. With Uris came Uris Deli, Uris Library, three floors of classroom, faculty offices and Room 303—the Columbia Business School Auditorium, witness and host to orientations, presentations, prime ministers, presidents, kings, and student body meetings. Uris is now complemented by Warren Hall, the shared business and law school building on Amsterdam.*

# BEFORE THE BEGINNING

An Ivy League business school is a great place to get your bearing. In a world characterized by 700 plus GMAT scores, outstanding college grades, fast-paced careers, and a one-in-ten entrance rate, you end up competing on a daily basis with the best and the brightest.

One would think that in the presence of such masters of the universe, no concept would be difficult to understand or decipher; no assignment too difficult to handle; and it would be one extended two-year vacation before you walked out with a substantial increase in your future paycheck and a choice of plum positions. Who would stumble and panic just because they had a measly statistics or corporate finance assignment due the next morning or a macroeconomic final the day after? Who indeed? With a few exceptions, everyone, regardless of their background, education, or experience, admitted to being overwhelmed with the course load of the first term.

My course load was no different. Columbia had an exemption policy for core courses—mandatory courses that formed the foundation of second-year electives. You think you know the subject, take the exemption exam, pass it, and advance to the next level of elective. Due to the policy, students familiar with the core could move on to higher-level topics without being held back by the structure of the program.

In a temporary fit of insanity, I exempted out of corporate finance and took a PhD elective titled “Continuous Time Finance” (CTF for short), a subject I thought I knew from prior exposure. Maria Vassalou, the professor, warned me on the day of registration about the complexity of the subject and her experience with previous ambitious MBA students who had wandered in her class under the mistaken assumption that all PhD finance electives were alike. After ignoring her friendly advice, I undertook a 12-week torturous journey of ignorance and self discovery.

Towards the end of my first term, I was just as lost and confused and worried about flunking the first term as everyone else was about their particular demons.

For help I turned to search engines. Unlike now, where Google turns up 200 plus pages of relevant hits<sup>12</sup>, Alta Vista didn't yield anything useful in 1999. You got several pages of hits but none included materials that would help me pass my CTF final. An informal

survey of other students indicated that if I was being kept awake by CTF and a paucity of material on the subject, others were facing similar nightmares with accounting, microeconomics, statistics, corporate finance, operations management and capital markets.

Two options were teaching assistants and tutors (access to either was limited) or spending hours arguing the finer points of the topic at hand with classmates. Both options were out because as a “has been master of this universe” it was below my dignity to publicly declare my ignorance by being caught outside or inside a tutorial session with ordinary mortals.

The structure of this problem lay with the composition of the typical business school population. To maintain balance and the right chemistry, one-third of the student pool came from consulting, one-third from banking or financial institutions, and one-third from liberal arts backgrounds. The liberal arts majors (or poets) were blown away by the numbers required in the first term and struggled throughout their stay in school. Of the consultants and bankers, probably half had the math background necessary to do well in school but only a small select percentage had the right combination of experience, studies, grades, and mindset necessary to thrive.

The rest had led sheltered, comfortable lives in narrowly defined functions. At ease in areas similar to their own work, they were just as lost as the poets when they were forced to venture onto unfamiliar territory. A back-of-the-envelope calculation said that of a pool of 800 students, 70% would look and pay for assistance if they could get it discreetly, conveniently, and cost effectively.

Why? Because everyone wanted the consulting and investment banking jobs with tuition reimbursements and guaranteed first year bonuses. The only prerequisite was respectable grades. All interviewers wanted the top 5 percentile and even a single bad grade would deflate dreams, ambitions, careers and bonus prospects.

If Columbia had more than 600 lost souls every year, when you added the other top 50 schools, you were looking at another 15,000 students in a similar fix all willing to spend US\$ 20 to 30 a month<sup>13</sup> for personal tutorials, guidance, assistance, and answers. Thirty dollars a month from 15,000 students added up to US\$ 4.5 million a year, which was a lot more than anything I could hope to earn over the next decade of my professional life.

It took Don Sexton, our International Marketing professor, to provide the framework that became the basis of the business plan for Avicena. The pitch was very simple: 120,000 adults apply to business school every year. Of those, 30% get in. Of the admitted candidates, 70% will need some assistance with at least two subjects in their first term

and with more later on. If you could capture a reasonable share of these in the first term, retain them throughout their remaining terms at school, and convince a smaller percentage to keep on coming back to the site for answers to their queries over their working lives, the numbers quickly added up to a fairly substantial gross revenue figure.

And this was just business school: When you added other professional education, continuing professional development, and certification markets, the numbers just got bigger and better. The question was could you generate content and serve it to this group in a cost effective fashion to build a profitable base. If you could, the opportunity was yours for the taking. As with everything else, the only sure-fire way to find out was to take a leap of faith, jump in, and give it a shot; which is what we did.

<sup>12</sup> *Thank you Google*

<sup>13</sup> *Private tutorial sessions ran at 15 – 20 dollars an hour. Student focus groups had indicated a willingness to spend as much as 100 – 150 dollars a month for assistance with the entire course load.*

**From: Kenneth R. Bates**  
**To: Arno Goboyan; Jawwad@Columbia, Cluster X**  
**Sent: Wednesday, July 14, 1999 9:38 AM**  
**Subject: Message sent out**

This is a message to a select group of classmates from Ken Bates, Jawwad Farid, and Arno Goboyan. We're asking for about two hours of your time on Friday morning to get your opinion on a new product that we are developing. We'll supply the pizza. It's an internet based supplemental learning product targeted to current or former students in an MBA curriculum. We are learning about this from a new products class, but we're developing it for real, as in start-up, entrepreneur, etc. We have only sent this note to about ten classmates who we thought might be interested both in how we're doing this focus group and in helping us out. Those receiving an invitation are: Kamar, Jason Brown, Liz Kuhse, Scott Grunther, Mike Beckerman, Ria Spencer, Nicholas, Stephanie, Alain, Jacqueline, Shannon, and Tim Kelly. The specifics on the schedule are as follows:

Time: Friday 7/16/99 from 10:00 am to about noon (hopefully a little shorter)

Place: New building, Room TBA<sup>14</sup>

Activities: Brief explanation of the product (15 minutes)

Access to a product sample on your laptop (BRING YOUR COMPUTER) and chance to use the product sample briefly (30 minutes)

Questionnaire regarding your experience with the product sample (15 minutes)

Questions and comments while you eat your 2.3 pieces of pizza,

With the inevitable questions, delays, and shooting the breeze, we're hoping the entire process will be finished in a little over 90 minutes. We hope that it will be informative and interesting for you as well as us.

Please reply now with your confirmation about attending, so that we can plan accordingly. Otherwise, one (or all) of us will talk to you on Wednesday or Thursday.

Thanx!

<sup>14</sup> *To be announced*

Kenneth R. Bates

To: Arno Goboyan; Jawwad Columbia; Kamar Bakin; Ria Spencer;

Tim Kelly

Sent: Friday, July 16, 1999 3:42 AM

Subject: You're the Best!!

Thanks for agreeing to come to our Focus group tomorrow morning!

We're totally committed to making it fun and interesting, as well as educational. Here's the specifics:

TIME: 10:00

PLACE: WARREN (NEW BLDG.) 209

AGENDA:

Coffee and Donuts from 9:45 to 10:10

We'll tell you all about the product 10:10 - 10:30

You'll get to test-drive the product and give feedback (rest of the time)

Pizza is planned during the wrap-up at around 11:30 -12:00

See you there... KB<sup>15</sup>

<sup>15</sup> *You would be surprised at how willing your network is in sharing insights, feedback and ideas when it comes to testing a new product. Make sure that you make full use of it.*

*Creating the right transcript for a focus group session is part art, part science. The transcript design is a function of what you want from the focus group – new ideas, validation of product concept, attractiveness of specific product attributes or insights into product pricing and distribution. That determines how a question is asked and how it should be answered by participants.*

*The feedback from our session was very positive. We received indicative price ranges for how much students would pay for learning online, what attributes on the product platform attracted them and what were some areas where presentation of materials could be improved. What we learned from this focus group formed the basis of platform design, product strategy and Avicena's eventual architecture.*

**From:** Jawwad  
**To:** Gary Travnicek  
**Sent:** Monday, November 22, 1999 9:58 PM  
**Subject:** Re: Jawwad

Hi Gary

After Amin, I just went under for six months. It was such a tremendous mind shift for both of us but we are really enjoying the experience. He will turn seven months (Insha Allah) this weekend and he has started standing up. I am more or less through with my third term at BSchool. I am graduating in May (hopefully) and it has been a great experience. Learned a lot, met some really good people, brushed up on a quite a few weak spots in my education. I even like to think that I am a better person now. (Always helps to know the limits of one's knowledge)

Fawzia and I are planning to stay in the US for the next two years if everything works out at home. I took out a personal loan for BSchool and I need to pay that back. On a Pakistani salary that would be difficult to manage hence the two year delay in our return home. I have been working on an education venture with a few friends for the past six months and we are trying to decide if we want to do it on a full time basis. Decision point would most probably be in Feb-March 2000. Also spoke to a few companies in the New York area but nothing is confirmed as yet.

We are also thinking about visiting Florida in March. It's a maybe but if we do I would definitely like to come over and see you.

How are things with the new firm? Was the transition smooth or did you hit any rough spots...

Well that is all from me, for now. I will stay in touch and keep you posted on how things go. I am planning to visit home (Pakistan) in the winter break for three or four weeks. Would be back by mid of January. Take care

Jawwad

## On Takeaways

You couldn't possibly highlight the takeaways listed here with the innocuous emails included in the preceding section. And no there isn't enough meaning hidden between the lines for you to pick these up as subliminal messages.

When it came to putting down takeaways, I cheated. I didn't stop at the emails but also thought about the phase at which Avicena was and the handful of things I still remember and would like to pass on. Here is my list of handfults.

## Takeaway

- ❖ **Team:** Brilliance can only take you so far. To be really successful in life, you need more than just yourself – which means you will reach a stage where you will need others

Ultimately it's the team that delivers, meets a deadline, books a customer win, and pays the bills. Without a team, you - the entrepreneur, are nothing. It's the team that gives you the confidence to take the plunge and carries you through in your weakest wins. And yes it is the team that makes winning worthwhile

Yes the comfort of company will cost you a sizable share of your future net worth. Is it worth it? Only you can decide

- ❖ **Running a business while at school:** Your single biggest obstacle when it comes to entrepreneurship is opportunity cost. Opportunity cost is the size of your current pay check that you would forgo, if you stepped out as an entrepreneur. If you earn six figure per annum today, letting it go to starve and struggle for a few years may not fit in your definition of moving up in society

At school you have already given up the paycheck (and the opportunity cost problem) in your quest for self improvement

Can you actually do it? Graduate school is a walk in the park if you tackle the problem of mixing business with studies correctly. In my last term at school I structured my classes from 8 am to 6 pm on Tuesdays and Thursdays, wrapped

up my assignments by 9pm the same day, and was free to work on Avicena for the remaining five days of the week

In that term I made the dean's list, competed in two business plan competitions, finished the proof of concept, marketing, strategy and financial projection documents, closed the Aleph and Appsys deals, managed an introduction with a recently retired head of a big five accounting firm and moved to California

School is also interesting in that you have access to a unique microcosm of society that may open future doors and give you valuable feedback for free. My social network at Columbia had a Bankers Trust MD, a hedge fund analyst, a fund raiser for the Clinton campaign, a member of Reuters management team in North America, the son of IBM's CEO, four actuaries, an F-14 pilot, two nuclear submariners, two engineers from Qualcomm and Intel, a popup video editor, a fair mix of Indians, Pakistanis, Portuguese, French, Englishmen, Australians, Peruvian, Italian and exactly one Venezuelan (potential) contender for the Miss Universe title. This was just my network; imagine what the other 700 students looked like

- ❖ **Customer Validation:** Liking the product or believing in it yourself is not enough. You need to get more feedback from people who will use the product. The feedback is not just limited to feature sets, you need to ask questions about pricing, purchasing power, product appeal, presentation and likelihood of purchase. Sometimes the feedback is not what you expect. If that happens determine whether product, presentation or strategy should be tweaked to make the concept work or (in rare cases) should the difference in opinion be ignored completely
- ❖ **Set personal and family expectations:** Three years of hard back breaking labor and then – we will get used to it

# ALEPH ON THE SCENE

Ken, Arno, and Kamar<sup>16</sup> had made it clear that they were going back to regular jobs after graduation. In the absence of any real partners to share the risk and given the handful of offers I had, I was ready to take the safe pill. Beyond what was available in the U.S., an Ivy League MBA could do just as well in Europe, the Middle East, and the rest of Asia. With Asian cost of living and U.S. salaries, you could make your dollar go a fair distance.

The conversation with Sarwar was the first time I thought it would be possible to give Avicena a shot. Before then, it had been something that I had invested in and wanted to take further but I hadn't really thought about how exactly that would happen. Sarwar forced the connection. Aleph had already been working on the Internet front for the last three years and had executed reasonably sophisticated work. They had a team of developers in Karachi that they were willing to partially allocate for Avicena work, had offices in Pakistan and California that we could use, had a decent network of clients in the financial services sector that we could tap into, and would make funds available to ensure that work that couldn't be done by the internal team could be outsourced to Appsys. We had two detailed conversations over 48 hours and then shook hands. They would get 15% of Avicena and we would get two years of support, a handful of programmers, access to Aleph facilities, a fat chunk of Sarwar and Denise's time, adequate exposure to their clients, and, as a final kicker, they would fund Appsys to build the core engine around which Avicena would stand.

Fawzia and our families weren't sure where this was heading. Without any real capital and with a wife, a kid, and a personal loan taken to fund the MBA, it was impossible for a thinking human being to understand how I expected it to work out. My strength (and weakness) was that even I hadn't thought that far out. I was taking things one step at a time because the bigger picture was just too bleak and depressing when viewed from sane eyes, but full of opportunity and promise when seen from mine. Then came the trip to California and Aleph offered Fawzia a job. The two of us talked about it and it made perfect sense to take up the offer and just move to southern California. After all, this was destiny at work.

<sup>16</sup> *Please see the appendix on cast of characters*

**From:** Jawwad<sup>17</sup>  
**To:** SM  
**Sent:** Saturday, December 25, 1999 5:24 PM  
**Subject:** Bplan: Jawwad

BPCG is the Business Plan (40 pages)

Exec Summary is the first two pages of BPCG (2 pages)

EFinFinal is the Valuation. (10+ pages)

You may want to print these out first. You can take a look at the proof of concept at <http://www.columbia.edu/~jaf71/GuideHome.htm>. You would need to use Explorer since it won't work on Netscape. This was done in June, but captures the essence of what we were thinking. Over the past six months we have changed the design a lot. Think amazon.com, except replace books with concepts. Let me know what you think.

Take care  
Jawwad

<sup>17</sup> *Sent immediately after the Hundred Million dollar conversation with Sarwar on Christmas Eve.*

**From:** SM  
**To:** Jawwad  
**Sent:** Thursday, December 30, 1999 7:47 PM  
**Subject:** Re: Bplan: Jawwad

When would you like to meet???

**From:** Jawwad<sup>18</sup>  
**To:** Denise Davies  
**Cc:** SM; Fahad;  
**Sent:** Sunday, January 16, 2000 1:48 PM  
**Subject:** Re: Concepts.com : Early Sunday morning

Okay made it to NYC in one piece. It's close to 4a.m. here and I am finally done with unpacking and cleaning. Off to sleep in a little while Fahad and I worked on Friday to further firm up the scope document. I did some more work in the air. It's all on paper and I will try to get it down in word/excel and mail it out latest by Monday evening. Once I have this out, finalizing the database design should not be a major issue.

Denise I will call you up on Tuesday, after I have taken care of the above two items.

Take care  
Jawwad

<sup>18</sup> *Within ten days, Sarwar and I had agreed on a term sheet for Aleph's incubation of the new venture, roped in Fahad and Appsys to do the core programming engine work, reviewed the initial design document, the architecture and signed off on the initial project plan. The urgency was necessary since I had to leave for New York by mid January and didn't know when I would have a chance to sit down with Fahad next.*

**From:** Jawwad  
**To:** AlephKarachi; AppsysKarachi; SM; Denise;  
**Sent:** Wednesday, January 19, 2000 2:55 AM  
**Subject:** Re: Concept.com: Spec Document

Good evening everyone. Here is the document that describes the discussion Fahad and I had on Friday. There is also a screen definition portion that describes what we think would happen on each individual screen. The excel document includes the screen shots.

As I have mentioned in the attachments, please review this thoroughly and raise as many points/questions as possible. For analysis and design we are not limiting the scope to just the pilot. The Pilot is still limited but it would be useful to get an idea of what would be expected from the whole system. I still owe you the relational data base design and process flows. Two more days. Meanwhile this should keep you busy.

Fahad see if you have enough to start talking with Faisal.

As I said the DB design in its existing format is around 80% done. With these two documents you should be able to identify any missing parts. I would also appreciate if you and Faisal can start talking about the partitioning between the Front end and the back end.

Look forward to your comments. I may drop off to sleep but would be online again in 7 hours. I would be really happy if I can have some (any) feedback on these by then. BTW you need winzip to unzip the files.

Take care  
Jawwad<sup>19</sup>

<sup>19</sup> *Even though in principle, I had decided to stay away from technology, in reality architecture was still dependent on what I wanted from the platform, not just now but also a few years down the road. If we got the architecture right, everything else would follow. Fahad – the lead designer from Appsys and I spent our first few days working together to map architecture in a document that could later be used as a reference by any team member.*

**From:** Jawwad  
**To:** Karachi; AlephKarachi; SM; Denise: Friends;  
BoardOfDirectors;  
**Sent:** Sunday, February 06, 2000 11:18 PM  
**Subject:** We Finally have a name....

Finally we have a name... I am at peace. I have registered the .com and .net addresses

I like it a lot... It's what I was looking for. We are named after Ibn Sina an Arab scholar of some fame who did a lot of work across different fields. In the western world he is known as Avicenna and for his contributions to medicine.

But a little known fact that actually stood out for me was that his biggest contribution was synthesis / compilation of existing knowledge. Sina added a lot of value by his insights and his systematic approach to his work. So the name ..... drum rolls... is... Avicena.com<sup>20</sup>

(Avicenna was already taken and most of the original Arab variations were also gone. I thought since we are naming the thing after him, he wouldn't mind one missing n.)

Finally since our primary customer base is in North America and Western Europe, Avicena would probably be easier on their tongues than Ibn Sina or Sina or Bin Sina. As I said, I am at peace. I have found what I was looking for.

Will look forward to your feedback. And I mean feedback. FROM ALL OF YOU.  
Jawwad

<sup>20</sup> *The sequence of names that we went through before we settled on Avicena:*

- a. *Cookaracha Guides*
- b. *Concepts.com*
- c. *QuickConcepts.com*
- d. *QConcepts.com*
- e. *Avicena.com*

*Concepts was nice but didn't have any buzz or zing to it. Quick Concepts and QConcepts were both functional names. We wanted a name with a story, a bit of mystique, class and the ability to brand not at a functional (attribute driven) but psychological level (image driven). Avicena delivered on all of the above.*

**From:** Jawwad  
**To:** John G. Murtha  
**Sent:** Monday, February 07, 2000 4:19 AM  
**Subject:** Hi there

John

Hi. Thank you very much for the baby snaps. I got back home on the 15th and have been busy with one thing after another. We actually found a very good tech subcontractor in Pakistan.

Sold 15% of the firm to them and in return got 2 years of software development, execution & implementation support. (Read: Five Web developers & one core manager for our management team).

Also picked up a name for the business. Planning to do a market test in March followed by a bigger one in May. If things move along as predicted will be open for business in August 1, 2000

What about you? How is the healthcare business & fatherhood treating you? I hope everything is fine at home & work. Keep me posted.

Take care  
Jawwad

**From:** Jawwad  
**To:** SM  
**Sent:** Wednesday, February 09, 2000 2:50 PM  
**Subject:** Business Plan and Contract Issues

SM.

As mentioned earlier, I am meeting one potential source of funding on Friday. Also setup a time with another potential source on Monday morning.

I need to make a couple of major changes in the business plan reflecting the progress that has been made since 18th December (last update). One of the big things that has happened is the contract with Aleph. It's probably the biggest asset Avicena has on its books. However, once I put the details of the contract in the plan, it would go beyond an understanding between you and me to a relationship between two firms. I understand that for all practical purposes it's already at that level, but we would be introducing a formal structure that did not exist on paper before.

Is it possible for both of us to agree on a one page statement of understanding that could then be included in the business plan? The statement would form a basis for valuing the contract and the firm. It's important to get this done before the next week is over.

I need the initial value so that when I actually walk into a room with these people I can say, this is what the firm was worth before the contract, this is what it's worth now, this is what it will be worth after the market test. And since I need x million dollars, this is the portion of equity the new investors can get for their contributions.

So far I have thrown about a figure of 1.5 Million dollars for the Fair Market value of the services provided by Aleph to Avicena over the next two year period. The basis that I used was the following

1. Thirty percent (30%) of Sarwar Mushtaq's time subject to availability spread over the next two years =  $1,000^* \text{ hrs @ } 450\$\text{** an hour} = 450,000$

2. Web Development Team (1 Graphic Designer, 3 Web Developers, 1 Tester)

5 People - available on demand for Avicena related work at a charge out rate of \$300,000 per year for two years for the team = \$600,000

3. Technical execution & consulting support in Karachi and California= ??? (the remaining amount)

4. In return Avicena sold 15% of its equity to Alephinc. Sarwar Mushtaq joined Avicena core management team and will represent Aleph's interest in the firm

\* (30% \* 150 hrs a month \* 24 months = 1080 hrs)

\*\* ( (250,000 per annum \* 3 ) / (150 \* 12))

I need to get a feel for your level of comfort with the above. The important issue here is what happens if the contract is formalized and I lose control of the firm or its management. What kind of safeguards Aleph would like to place in the contract to protect its position and its interests.

On the other side the issue is that our understanding is worth a lot of money to a lot of people. We need to put a market value to it in order for us to reap the full financial benefits. As long as we understand how much it's worth, we can ensure that it's reflected in the value of the firm and that new investors pay a fair price for the equity they buy. That is we don't give away any discounts to people who have come on board at a later stage.

These are things that both of us have to think about. The issue is also important because we are now moving to a phase where outside investors may get in a position to exploit our understanding and relationship. Please feel free to bring out any concerns / reservations / issues / problems / ideas that you have about anything discussed above.

If you agree with the overall assessment above, I will raise the figure to 2 Million dollars for fair value of the contract. Which would put the (ball park) value of the firm at 13.3 Million \$. Which means that if we sell an additional 10% stake in the firm to VC's we should be able to raise 1.3 Million \$.

Take care  
Jawwad

**From: Jawwad**  
**To: Sarwar**  
**Date: 15 Feb 2000**

## **Vision**

I keep coming back to the statement you made when we were speaking about how the Internet is going to change the world (mid Jan, 2000). Both of us agree that the net implies a fundamental shift, across the board, in how things will be done in our day to day lives. But such fundamental shifts require financing. Irrespective of who benefits from the shift, one definite beneficiary of shifts through out the history of shifts is the Financial Services industry. Look at railroad, automobiles, pc's, wireless and now the net. Look at how the Financial services industry transformed in response to each of these shifts. Individual company's may come and go, but financial services will always extract its "pound of flesh".

What are the implications for us? As I have said in the modified biz-plan, the industry may change shape or form, but at its core it would remain a process driven business (relationship management, portfolio construction & management, risk assessment, financial underwriting, asset liability management, etc). This implies a number of things. First as the industry grows, it will need new blood and resources. Second since the industry's core processes are complicated there would be a steep learning curve. Third since the fundamental shift will change some of the core processes, there would also be a need for continuous learning > Lots of new hires, lots of training, lots of continual education > Need for a flexible (geographic, time, content) professional development program.

What is out there right now. On the web, it's just personal finance. If you are a finance professional, you get material that updates you about what is happening in the market, but that is it. If you want to grow professionally, you are on your own.

## **How do we make money from this opportunity?**

Actually this new direction makes more sense for us. There is a big interest within financial services in trained manpower (experience, education or certification). Certification normally has a continuing education program attached to it. At present continuing education is only through seminars and symposiums. If we offer a flexible and credible alternative, there is definitely enough demand out there.

- a. It allows us to charge a premium for our content, since the content with the CPE credits is worth a tangible amount of money to these people
- b. It also solves the motivation problem that we have struggled with
- c. It also addresses the desire / ability / capacity to pay issues

Beyond all of the above, the space is wide open. There is no one out there (as of yesterday). So we are definitely ahead of the wave. As the industry grows and demand begins to rise, the wave would get bigger and bigger and we would still be way ahead....

Because the industry has so many complicated processes, it won't be easy to generate the content. You would need some very specific skills and resources and substantial effort on standardizing content generation. Possibly indicating that competition in the future would also be limited. Not every second person we know would be able to replicate what we would be trying to do. Since hardly anyone we know really gets finance.

Bottom Line. First mover, ahead of the wave, lots of growth, empty space, below average competition, complicated content > Higher margins and profits.

### **How do we get there?**

My multi-stage plan:

First six months total focus on getting the professional certification bodies on board. Our niche is still financial courses but we should get chartered accountants, CPAs, CFAs and Actuaries on board about our continuing professional education offerings. Next one year we expand our offerings to Insurance and Re-insurance companies. Year two onwards we become "THE Financial Services choice for professional development and continuing education". Let me make myself clear here. The focus is still Finance. The courses we offer are still focused on Finance. But we would be selling the same content with minimal changes to the whole financial services industry. It will just be wrapped differently.

This is on the marketing side. On the execution side, we have already outsourced technology. End of the first six months if it looks as if our over all strategy is on the mark, we set up an off shore content generation facility. Either Dubai or Karachi. There is solid talent in terms of MBA's, Actuaries, Chartered Accountants, CPA', etc that is based in PK / Middle East. We can harness this pool for generating top quality content for our customers.

Would need to put in effort for standardizing the generation process and our products but once that is done. We are there.

Obviously this revises the financial projections and our revenues targets. Hence my total rewrites. I have done the financial projections. I will include the excel worksheet with this document and the changes that I have so far made in the biz-pan. But there is work that needs to be done to bring everything up to date.

The good thing is that there are no major changes in the technology plan. Or at least none that I can see. For now.

Jawwad

**From:** Jawwad  
**To:** John Cusick<sup>21</sup>  
**Date:** 27th March 2000

Dear John

We met at Columbia Business School Mentoring for Entrepreneurs Program in November 1999 and February 2000 (Tom McKnight's class). We spoke about our online education venture and the possibility of getting in touch again when we were ready.

Things have progressed significantly since our last discussion. We now have a name, a committed management team, a proven technology, dedicated and reliable contractors and a very focused business plan. One of the first things you had appreciated about us in our earlier meetings was our focus on Finance and how that would allow us to exploit marketing, advertising and execution efficiencies.

I have enclosed a copy of our business plan for your reference and will look forward to receiving your comments and advice. If you have any questions please feel free to contact either me or Sarwar at our given numbers. I will call you in the second week of April to follow up on our conversation.

Best Regards  
Jawwad Ahmed Farid  
Avicena Inc

<sup>21</sup> *Within the Venture Capital and Investor networks, it is not about what you have or what you can build, but who you know and who referred you. In John's case it was another Professor at Columbia and a fairly long chat at a Columbia Mentors Network event.*

*The bad news was that with a few exceptions, no one would return your calls or emails, irrespective of their relationship with the Columbia network. It would take a personal reference to ensure that you received any attention. The one shining exception was Vinod Khosla at KPCB who wrote a week later saying he had looked at the executive summary and wasn't interested.*

## Takeaway

- ❖ **Support network:** More people quit and fail because they don't have the right person to talk to than you would imagine. You are not alone in the world. Look around and you will find help. Just ask for it
  
- ❖ **On deals:**
  1. A one pager is good enough. Sometimes even a little less will also do
  2. Funding decisions happen in less than 30 seconds. The rest is just logistics
  3. You have no hope without a reference or a prior link. The best references are customers, individuals who share your profession, or people who have worked with you before
  4. There are times when getting what you need and raising capital are two completely different things
  
- ❖ **Naming the venture:** Mystique, class, story and style. Avoid functional names or functional branding. A fast car sold as a fast car is functional branding. A fast car sold as a throw back to younger days, passion, spirit, freedom and individuality is such a powerful brand that Ford used it to sell the same concept (Mustang) to two separate generations

# CALIFORNIA

When our plane started descending over low warehouses, landscaped office blocks, apartment complexes with pools, open roads, and giant malls, I knew heading west had been a smart move. The John Wayne International Airport in Orange County was a pleasant surprise after bearing the madness that is La Guardia at 6:00am in the morning. Somehow, even the sun shined brighter on Sunflower and McArthur than it had on Broadway and Amsterdam.

Our new apartment had the same square footage as our two-bedroom in New York but was newer, with central air conditioning and a far better layout. We had a pool, a walking path that curved around a manmade lake, and a gym that was open 24 hours. Two days later on Amin's birthday, we discovered Darya, a Persian restaurant, thanks to Sarwar and Denise, just a short hop away.

Don't get me wrong. New York wasn't bad, but Kph 2/2<sup>22</sup> off South Plaza Drive compared to 540 West 122nd Street was a hefty upgrade in our lifestyle. Here our balcony overlooked the lake and on cold nights you could see the mist rising from the heated pool and the stars alight in the sky. In New York, when I needed a break and looked outside the window of my study, I saw another windowsill stained by bird droppings and the kitchen of the apartment on the other side. In sunny California, it was the sparkling blue pool enclosed within a dark green hedge, shaded by a canopy of carefree trees.

<sup>22</sup> Versailles on the Lake, opposite South Coast Plaza, Santa Ana.

**From:** Jawwad  
**To:** clusterx00  
**Sent:** Sunday, May 21, 2000 8:13 AM  
**Subject:** Update from LA LA Land

X'ers

I owe most of my friends and clustermates an explanation of where I have been hiding myself for the past six months. As some of you are already aware that I started something in January of this year. It's still a very small venture focusing on online education. With a team of four people in the US (and another 6 in Pakistan) we are working on content generation processes & distribution technologies for the education industry. (Not as complicated as it sounds) Since my technology and marketing team (represented by two very sharp people) are based in Orange County, we (me and Fawzia) decided to move in early March. I have been traveling back and forth on almost a weekly basis to get the venture off the ground and finish school. Hence, my absences from most cluster events. With two new ventures (remember Amin Farid from last year), moving, commuting to school and remaining sane, I have had a very interesting schedule.

On the financing side, one of our key suppliers agreed to cover our technology related expenses for the next two years. They took a % of equity in exchange. Our next round is now planned for September / October when we officially plan to roll out some of our products.

It has been a pleasure knowing all of you. If you are ever in southern California, please feel to drop in. And if there is anything that I can do, all you have to do is ask.

Best of luck in your efforts to change the world. Stay in touch.

Jawwad

**From:** Jawwad  
**To:** BoardOfDirectors  
**Sent:** Sunday, May 30, 2000 8:13 AM  
**Subject:** Update from LA LA Land

Please see copy of attached update post meeting with Sarwar<sup>23</sup> and answers to his queries on current status across a few crucial areas.

Jawwad

**[Sarwar]** After our meeting at the office and the follow up meeting at Souplantation, there has been no update on what the progress has been and where we stand on timelines and milestones.

**[JAF]** I think the best way to address this would be to set up a regular time for a weekly meeting between us. We can do it physically when we are in the same city or over AOL Instant Messenger when we are not. For starters I suggest Friday (evenings or mornings depending on our respective schedules). As long as we stick to these weekly sessions, the paranoia should not recur.

**[Sarwar]** I sense that we are losing direction, but hope that it's just paranoia. I am assuming that you are the helm of the ship and steering.

**[JAF]** You assume correctly as far as me being at the helm but not about losing direction. For me the direction is fairly simple.

<sup>23</sup> *Five months into our relationship, Sarwar was quite concerned about our momentum and direction. Part of his concern was driven by the fact that after a demonstration of the core technology engine, in March, not much had happened on the technology front. We had been busy with submitting business plans and projections and hadn't had the time to make progress on the content side. Even though part of the technology solution was ready, without content to play with, there was no visibility for customers, investors or Aleph.*

*This note was the first update that went out to Sarwar and our Board, describing where we were on numerous fronts. This was followed by a Board meeting in New York in August and periodic updates via phone calls and email exchanges after that.*

*In September we added one more member to our Board and had multiple one on one meetings on direction, strategy, presentation and pitch in Newport Beach. An active, easily accessible, aggressive board added a lot more value than a passive one.*

1. Find a customer
2. Get the product out
3. Get some money, either from the customer or on the basis of 1 or 2.
4. The amount of money we need would depend on how desperate we are, and how far we have reached with respect to 1 and 2 above.

For the next three months this is my direction and as per our last meeting at soup plantation this is the direction we agreed on as a company.

The only thing new in direction is the training on the Internet side for corporate customers. It's a related business that can be used to pay our bills and refine our product. At the same time it helps us build credibility, starts the inflow of revenues (if only for investors' sake) and is a step in the direction that we want to go in.

This occurred on Friday during the meeting with MB when Ping was talking about training loan officers. I don't know how you feel about it, but I think if we get it right we have a good shot at getting MB as our first customer and we can build on that.

**[Sarwar]** Progress tracking mechanism, some clear deadlines, and measurable milestones.

**[JAF]** Programming

We now have close to 90% of the functionality covered. Some changes have to be made because some of the processes are confusing and need to be modified. Also we underestimated the power of the search engine required. So work needs to be done on that end also.

A new related project is the data entry, index generation side of Avicena. I have asked Fahad to generate a scope document. It is not a very complicated application but would be separate from the site and the original scope. Apparently Fahad needs your or Denise's approval and a resource to move forward on this. No progress has been made on this item for the past one month. Although it is not urgent right now by mid June it will become a high priority item. My objective is to have the process and search engine work wrapped up before the 15th of June.

**[JAF]** First course offerings

I am working with three courses now:

1. A dummy basic finance course that would serve as an introductory course for users, investors, employees, customers and contractors
2. A credit assessment course that could be easily modified and licensed to Manufacturers Bank. Please see comments above
3. A course on interest rate models and dynamic valuation techniques for actuaries. The idea is to have an outline and some content ready for review by Society of Actuaries and our technical consultants.

The deadline for the first two courses is 15th June. The deadline for the last course is early August.

These two items are critical. Accountants, Lawyers, Customers, Employees, Investors; for all of them we need to have a site that works, that has a course that can be sold in real life and a process that is down to earth and really easy to use. If we can get these done and finished with by 15th of June it would be relatively easier to meet the rest of our mile stones.

For me the only direction right now is hitting my target of 15th June with both of the above objectives met and crossed out.

#### **[JAF] Hiring**

I am now going to work with a number of people on a consulting basis. The three ways that I can work is equity, per hour charge or a combination. My preference is equity because it's a very powerful tool for retaining interest. And it also allows me to keep the cash needs to a minimum. The three people I have in mind are people that I met at CBS and may or may not be interested in this arrangement. I will know for sure by the time you get here.

#### **[JAF] Deloitte and Touche**

I would like to stay in touch with Fred and follow up with him. However as per our soup plantation meeting, the business plan and raising money in the short term now has a slightly lower priority. I plan on having one or two meetings with him and keep him updated about the strategy that we are following and the success that we have had. I expect him to be on the top of my list again in early July.

#### **[JAF] Lawyers**

Azra (Akila's sister) has been in touch with a few of her friends and I am waiting for her references. On more immediate legal issues I can count on her support. And if we need to speak to a lawyer in a hurry, she is a resource that we can use.

**[JAF]** University of Phoenix

I have some of the information that we had asked for. Getting a meeting with UOP will not be a problem. But we need to have something that will blow them away. They become top priority after June 15th or as soon as we have the course and the site in respectable shape. I have a list of names that I can contact and follow up as soon as we are ready. But as I have said I need to have something that I can show.

**[JAF]** Other universities or institutions

The other key prospects are Strayer University, New Horizon, Unext, Pensare, Digital Think and Smart Force in that order. Follow up with them is scheduled in late July and would be shaped by how discussions proceed with UOP.

**[JAF]** Professional Bodies (Actuaries and Finance professionals)

Society of Actuaries on top of our list. To be followed up in parallel with UOP in mid June.

**[JAF]** Board members, advisors

I have two more people on my list that I would like to contact but that would be after June 15th.

My other strong feeling is that if any of the bigger players sign up with us, we would need to ramp up in a hurry and have some pool of investment ready for immediate use. I think it would be beneficial to keep the July meetings as an internal deadline for a review of our strategy based on our performance till then. I am keeping the financing provided by Aleph for the next three months as a backup and a lender of last resort if we have any immediate cash expenses. Since Joe fell through and we have switched over to the consulting model, it's possible that some of the requirements would be delayed.

Beyond that I would like to line up 150,000 – 250,000 in potential financing from other sources for mid July, early August. This is where Fred and some of the resources in New York may come in to play. If you have sources that you can access, its time that you start spreading the word. For the bigger chunk (the 3 – 4 mill) we will wait till October.

**[JAF]** What do I need from you

A couple of things. I need to get the look and feel done and finished by 15th June. I can take care of the programming side but I need help on the look feel. I agree with you that the site is really dull and dead. But I need to see something that I am comfortable before I can write the existing version off . If we are thinking about going live in mid June, there is

not enough time to wait till the programming side is finished. Both of these have to run in parallel. Given the number of iterations we had to get where we are now, I think we need to start sooner. Can you give me something that is really earth shattering by that date? I will give you trouble since I know what I want but I still don't have it. Once again my key words are Creative Chaos, Life, Vibrance, Originality and Creativity. I see all of that in the first page on [www.avicena.com](http://www.avicena.com). But as soon as I go inside it goes away. So one word...

HELP.

**From:** Jawwad@avicena  
**Sent:** 07 June 2000 12:08 pm  
**To:** TMPGroup; Friends; Professors;  
**Subject:** Update from LA LA Land

Hi there.

Thought you would appreciate an update from LA LA Land. Three weeks since commencement and I am putting my b-school education to good use. We have settled down in Orange County, signed the lease, found a day care, bought some furniture, moved in to the new apartment, got DSL installed, got consensus on strategy going forward, got sign off on the implementation action plan, became a member of Costco and saved (or spent) a fortune (depends on how you look at it) at their warehouse in Fountain Valley. You know that you have completely shifted to the mindset of an entrepreneur when your bedside reading comprises solely of office supplies catalogs. I even put some money in Staples stock (outstanding year selling red ink to startups).

The day begins at six or sooner if Amin (our son) wakes up and ends at midnight. 90% of my time goes in managing the relationship with Aleph (our incubator) and ensuring that we stay on schedule for the roll out in July. When I started working I thought I would have the time to focus on product development, but that has now been relegated to late nights and early mornings. Important lesson: take yourself out of any sensitive schedules and primary responsibility for serious deliverables.

Building and/or running a business is a full time job and you simply don't have the time to

do anything else. The hunt for lawyers continues. Still processing references but don't have the same level of comfort that we have with Deloitte (they agreed to work with us for a while and are now waiting for the next version of the business plan and the site). Private placement is still on schedule for mid/late July. Two serious angels lined up, plus family and friends, plus Aleph. Any advice on the execution / legal side of placements would be highly appreciated.

Have identified the first customer and started talking. Found them hidden away in Aleph's list of clients. Important lesson number two: Look around your existing relationships and you will find what you are looking for. Important Lesson number three: Keep your mind open to unthinkable applications of your product: You would be surprised at some of the things people are willing to pay for.

Another interesting thing happened. I am not sure how you would react to this. As a group we decided to take our last 15K out of the bank and into the market. We did this in school as Moral Hazard: "When you have nothing to lose, you are willing to take bigger and bigger risks". Interesting to experience it first hand. I manage the money and spend four hours a week ensuring that it stays liquid and doesn't evaporate. So far it has been a thrilling experience. (I don't need caffeine any more, just the opening half an hour at six thirty and I have had my full day's quota).

Every day the opportunity gets bigger and better. The only problem is that I have two hands and 24 hours in a day. Desperately looking for hired help, willing to work for options and/or minimum wage, relocate to Santa Ana and live on sunshine and faith. Let me know if you find some.

Take care,  
Jawwad

## Takeaway

- ❖ **Partnerships:** An equity partner is a partner irrespective of the size of his ownership stake. He has a right to ask questions, to be briefed on strategy and to express his opinion on your decisions. You must respect that. If you think you will have a problem with respect, create a model where you can work without capital partners
- ❖ **More on expectation management:** If you don't manage expectations some one else will.
- ❖ **Bottlenecks:** As an owner / founder you are destined to be a bottleneck and will remain a bottleneck unless you fix it. As owners we enjoy being a bottleneck because it allows us to feel important, needed and useful. But your goal state (Nirvana) is when nothing depends on you and everything works like clockwork with or without your presence. You are ready to grow up as a business when that happens.

# HIRING

In the first six months after signing the incubation agreement with Aleph, we made six job offers. All were turned down. Prior to Avicena, I had been responsible for hiring talent for my team at Andersen World Wide's representative firm in Pakistan. Though in tight markets it was always difficult to find people you liked, at Andersen, once we put out offers they were generally accepted. This rejection business was new.

In most small businesses or new ventures, you wanted people who would make your dream their own. In a short 30-minute interview, it was difficult to gauge the success of transfer or dream adoption in any candidate. When you could, money and our ability to raise it became an issue. Most candidates wisely asked to see something on the table (commitments, term sheets, funding, financing, bank balances) before they would think about committing. You (meaning we) were the risk taker; everybody else was just there for a paid ride. It took me a while to figure this out and until I did, I took every rejection very personally. It ended up becoming a demon that could only be exorcised by raising a few million dollars that prospective employees wanted to see before their leap of faith.

Our first break came with Ashar. Employee number one. Didn't want to work with us because of the dream. He just wanted to move over because he was bored with what he was doing and where it was leading and wanted to do something different and meaningful with his life. It helped that he had been a student of mine, had worked with me before, knew me to be fair, and had an impish sense of adventure that would make him opt for challenges whenever they were offered. To others it seemed that his willingness to join something that was little more than an outline on paper and a few thousand lines of code was a death wish. For him it was just another opportunity to find and define himself. Quickly after Ashar came Sharleen, another restless MBA with a desk job at a multinational pharmaceutical firm in Karachi. Together, Sharleen and Ashar formed the core team that would produce content for our courses, keep an eye on Aleph and Appsys' technology team, and ensure that priorities were communicated and managed between California and Karachi.

Because of our prior relationship, I had no defined role for Ashar except to be the designated troubleshooter and problem-solver in Karachi. We also had a strong Vulcan mind sync connection that allowed us to be effective over three and a half continents. I would think and he would make it happen—with the help of instant messaging and a

work schedule that kept both of us up and running 20 hours a day, seven days a week.

**From:** Jawwad  
**To:** Ashar Zaidi  
**Sent:** Sunday, June 15, 2000 4:08 AM  
**Subject:** More motivation

As always it's great to hear from you. Send me your home phone / cell phone number. One of these days when I am rich enough I may actually give you a call. Things are pretty good at this end of the planet. So far I have lived in three continents and on the shores of three oceans. The other two (oceans) are just too cold for my taste. Work is slow as I told you. It is tough working with just me.

Glad to hear that you finally made the move to Arooj's team. How are things? Had an exchange of emails with Ammar and heard that as always things are not good. No debt just equity. But I am probably risking the remaining percentage of my friends and family who are still on speaking terms with me by putting their money at risk.

Costco is a big retailer in US and Europe. You have to become a member and shop at their warehouse and you get whole sale price for top level brands. So 24 cans of Mountain Dew / Pepsi cost 3 dollars which is 150 rupees. Which is 6 Rupees per can (330 ml). Van Heusen dress shirts are 12 dollars (which is like damn cheap) and so on so forth.

The complete deal is content generation, processes, technology and distribution for the education and professional development market. Last time I checked it was worth 700 billion a year. I would settle for .1% of that.

Don't go any place. How would you like to work with me NOW. I will even pay you in dollars or better yet in options? Of course this means that you are staking your livelihood on your ex boss and teacher. At the end of three years you will either never speak to me for the rest of our lives or will have enough to pay for b-school out of your own pocket. Or both.

Let me know if you are interested in giving it a shot. If you are then we have to work out a really long term strategy of getting you here. The quote indicates that you now have a much

more positive outlook on life.

Take care

Jawwad

**From:** jawwad@avicena  
**To:** Ashar Zaidi  
**Sent:** Sunday, June 16, 2000 4:00 PM  
**Subject:** More motivation

Give me a time when I can reach you at home. We should talk on the phone. I think the plan will answer most of your questions.

1. It would but not to a great extent since changing the course outline will also change the CPE's you receive for it. This segment is only our first target market. At a later stage we would be looking at additional markets. And then CPE would not be a binding constraint
2. Me, Fawzia, Sarwar Mushtaq (Aleph Inc), Denise Davies (Aleph Inc). We are planning to raise additional money in the next two - three months and the picture will change again. Also negotiating with two prospective employees to join us. For all practical purposes you will be employee number one. For the moment I and Fawzia are the majority owners
3. Don't get too hung up on the job description. Within a startup setting they change every minute. Although I see your primarily role in that capacity in the next six months or so and even later you would probably have your hands in everything (all the way from cleaning the closets and running errands, testing the interface, to hiring and firing people)
4. This is the most important point. If you do decide to take this mission, there is a 90% chance that it will self destruct in less than three months. Then you, me and every body else will be on the road. There is a 10% chance that we will all be around in the next six months and there is less a 1% chance that will go public in the next 4 years. You need to have the flexibility, the profile and the mindset to handle this risk.
5. When can I get you to the US? Once again a lot will be determined in the next six to eight months. There is a chance that I may ask you to stay back and help us in building the organization in Pakistan. There is also a chance that we may ask you to

move to Dubai and spend anywhere between six months to a few years over there. If things work out there would obviously be a number of trips to the US. There is a really small chance that I will ask you to come to the US in the first year. But second year onwards. who knows... So think of it like that.

6. The safest thing to do would be to work on a part time basis till things are ready to fly and you can then leave SHMA. When I say part time, I am thinking 10 - 15 hours a week till we get things moving and then it will be 18 - 20 hours a day. Time frame will probably be 2 - 4 months. This would also give you a deeper idea of what is it that we are and what is it that we are up to. How volatile I am on a day to day basis and if the work is as exciting as I made it sound...
7. You would primarily be an Avicena employee. But on the interfacing side, you would be talking to Fahad and Aleph in Pakistan...
8. Yes for the time being we are all working from home.
9. One of the first things you should do is get a US visitor Visa on your passport while you are still a SHMA employee. The ability to move quickly to the US even for short periods of time is valued a lot.
10. If there is a move to Dubai or the US the rates would be revised. If we get significant funding the rates would be revised again. In the first six months think of it as investing yourself and your time in an opportunity. Beyond that think of it as believing in me to pull it off . It's like a vote of confidence. Jawwad, I am jumping in the fire for you, don't screw up my life. Don't think of the amount as reflective of your abilities. You are obviously worth a lot more and I know that...
11. Here is the interesting part. If you do join and do decide to stay and do come on board full time and stay on for three years (and the magical number again) you start with owning .5% of the firm doesn't sound much but if you consider our current valuation of 10 - 30 million dollars it could be worth anywhere from 50K to 150K 2 - 3 years from now (in US dollars do your own numbers)
12. Yes I do need your resume... but you are hired the minute you say yes. No interviews, just commitment & faith.
13. Next step. Go over the business plan in minute details and send me your comments. I had to take the numbers out since it adds up the size.
14. This is very hush hush. Not a word to a soul. Just talk to your parents and may be your friends but not a word beyond that. And if anybody tells you, you are out of

mind on taking this up tell them they are absolutely on the mark. Take care... happy thinking.

**From: Ashar Zaidi**  
**To: Jawwad**  
**Sent: Sunday, June 17, 2000 1:00 PM**  
**Subject: More motivation**

It is amazing how slow life can be for a couple of months and then suddenly take off to the 7th moon.

1. My answer is 'yes'. I'm ready to join.
2. The money sounds fine. I'll start work now and if you have cash flow problems, pay me later when they are sorted out. I know you'll be fair, so that's OK. But you'll have nothing but my word to determine how much time I'm putting in and how much I'm billing you!!! The .5% of share of the company sounds exciting. Is this something you plan on offering to all employees and will I become a share holder immediately after joining -permanently or after 3 years??
3. Your description of the job makes it 'versatile' hmm cleaning cup-boards to hiring and firing. Interesting. I understand that things are fluid and will take time to stabilize and that is when 'roles' within the organization will become concrete.

Ashar

**From:** jawwad@avicena  
**To:** Ashar Zaidi  
**Sent:** Sunday, June 17, 2000 3:00 AM  
**Subject:** More motivation

Take a look at the job description I think you will find it interesting to know that I have waited (stayed up) all night for your email to arrive.

Congratulations. Welcome on board. Now I really have to make it work. On the equity side, half of the half is yours immediately. The remainder will vest over the next two years. The vesting period starts immediately.

The only problem is that there would be restrictions on selling it to external parties and caps on the maximum price you would get from the firm if you decide to leave before the three year period is over.

Let me know if you have any other questions. Things will once again slow down till I figure out what should I ask you to do as your first assignment.

Thanks for the vote of confidence. Together we will make it work. For the time being don't let the news out. Have a chat with Fahad about what is it that we are trying to do but ask him to keep it to himself. I am just going to inform the management team here but will tell them the same thing.

Brace yourself, it will inshah Allah be a very exciting ride.

Last question is. Would you prefer [emp1@avicena.com](mailto:emp1@avicena.com) or [azaidi@avicena.com](mailto:azaidi@avicena.com)? Think six hundred people in three years. It will take a few days to get that up and running but we are working on it. Let me know...

Jawwad

## Takeaway

- ❖ **The honest truth:** No one wants to work for a small company with no money and possibly no future. Deal with it. In a new venture you sell to every one you touch, starting with employees. If you haven't already, learn to sell
- ❖ **Hiring sources:** Your network is your single best source of leads, referrals and future employees. Let it know of what you need and be patient. Job advertisements and recruiting agencies do not work for young businesses
- ❖ **Hiring Motivators:** People switch jobs because of boredom, change and desperation. Not money or opportunity or the chance to change the world. Hunt for passion in boring places

Ask the right questions. Listen

- ❖ **Be honest and be fair:** If you work with old technology say so; if you will not pay salaries on time say so; if you want them to clean cupboards say so. And if they still want to work with you, hire them and take care of them

# PRE LAUNCH

It took us eight months from the point that the technology was built and demonstrated to the time that it became a commercially viable, functional solution. But once we had it in alpha (meaning we had rolled it out for internal quality assurance but had still not shared it with the outside world), we started showing our stuff around.

Pre launch was also one of the most protracted stages in Avicena's short life. Starting from March 2000, when the first demo was made with Fahad's knowledge-manager engine working with site and front-end design, there was a lot of work that had to be done: business plan revisions, executive summaries, the move to California, sample courses for initial testing, site content, marketing letters, logo design, business cards and stationery printing, recruiting, hiring, hosting, and hardware purchases. I became the one-man army responsible for tracking and completing all of the above. Aleph and Appsys took ownership of their end and did good work initially, reinforcing my view that keeping tech in-house would not add any value to Avicena. It was easier letting them sort out what needed to be done.

Identity and image design was one area where we spent a lot of time. I had been a strong believer in the power of brand identity before I got to school and the two courses with Don had further reinforced it. We had to get the branding right up-front because we would not get the opportunity to revisit it later. I never expected it to be a fairytale and it wasn't. There were hiccups, bouts of acne, irritated digestive systems, shouting matches, and tantrums. Sarwar, Denise, and I gelled very well as a team and though there were issues at the project management level, they didn't become a factor in our personal chemistry. All three of us went to great pains to ensure that our mutual relationships stayed positive.

Every time I would blow a fuse on Karachi, I would write a short note to SM and Davies on the side to keep them in the loop and let them know that it was raining brimstone in Karachi but clear skies prevailed in Santa Ana.

**From:** Jawwad  
**To:** SM; Davies; fahad; mk; fawzia  
**Sent:** Thursday, July 17, 2000 10:24 PM  
**Subject:** www.avicena.com

1. Please sort out the login issue. It has been more than four weeks since I originally pointed it out and recently informed Denise as well as Fahad about it. We cannot get past the first security screen whose official user id and password is (Avicenna, avi2000). **FIX IT<sup>24</sup>**
2. Please do whatever is required to sort out the server issues. It's becoming a joke now. I have been hearing about server issues ever since we installed the Servlet Engines. If there is something that needs to be done, do it or get it done. Don't keep on sending emails back and forth. Use the PHONE.
3. My understanding is that the site WILL BE up and running (New version, look and feel and bug fixes) by this Friday. Please confirm that this is the case. If it's not then give me a final date.
4. If there are any issues with any of the above, I would appreciate if I am informed immediately.
5. So far I took a backseat since I assumed that technical management of the project will be taken care of in Aleph Pakistan. I am extremely dis-satisfied with performance on that side. The only result of that move is that we have seen no progress at all in Avicena's work. If you feel that this statement is incorrect, please feel free to correct me by pointing me towards a link that works and has implemented all of the changes that have been suggested since early May.
6. If you have work that Fawzia needs to do, please send very very detailed instructions and follow up on a regular basis. Fawzia's speciality is not NT configuration. If you can manage it from Pakistan, terrific, if you can't, call her up and walk her through whatever it is that needs to be done.
7. As you can obviously tell, I am really upset. So for a change, do something to pacify me. I am not at all interested in a conversation. Show me some action and show me the site.

Jawwad

<sup>24</sup> *Building technology and commercializing it are two different dimensions. Now that we had content and friends and family looking at our offering, there was a steady stream of errors, bugs and feedback coming in. From a marketing point of view the last thing you wanted was the application to crash during a customer demonstration. From a quality assurance point of view we had been working with the technology since January 2000. Six months later it should have worked but it didn't. You could live with that, what you couldn't live with were bugs that were fixed but would show up again, that weren't fixed despite being identified months earlier and show stoppers that would stop users at the front page (e.g. login errors) and not let them do anything at all with the site.*

*One of the problems being faced in Karachi was the absence of a dedicated Project Manager (PM) on Avicena who could track what was happening. Aleph assigned two separate PM one after another but their non-Avicena workload made them ineffective. It was only after Ashar (see the hiring chapter) joined full time that this picture started improving.*

## Sidebar: Email Effectiveness

- ❖ Despite the role technology has played in my life and the tech focus of my jobs and my companies, my humble recommendation is to always use the phone or a more personal mechanism for getting your point across or ensuring that something gets done. Email is fine for sharing information, connecting, and staying in the loop. For real work use the phone or use your feet and have a one-on-one meeting

**From:** Jawwad  
**To:** SM  
**Sent:** Thursday, July 20, 2000 12:50 AM  
**Subject:** Re: avicena logo final

I am really big on symbolism. To my untrained eyes it looks and feels like a typical Ayn Rand-ish character's bid to reach the star (albeit a red one).



Can't help the romantic tendencies<sup>25</sup>. BTW I am talking about AV3.gif where you start thick and end thin. Nadeem just called and asked about look and feel. Did you guys connect?

*<sup>25</sup> As with names, we went through numerous iterations on the logo front. The problem with design is that irrespective of how you express it, you can only tell what you like when you see it. This means you end up doing three to fifteen iterations before you hit something that works. And then you tweak it.*

**From:** Aqeel Khan  
**To:** Jawwad; SM; Nadeem Ahmed; Mohsin Khwaja; Denise Davies  
**Sent:** Friday, July 21, 2000 3:04 AM  
**Subject:** Avicena

Please Check Welcome Page For Avicena (With New Mouse Overs)  
<http://www.alephinc.net/avicenanewlook/welcome.htm>

Aqeel Khan

**From:** Jawwad  
**To:** SM; Davies; fahad; mk; fawzia  
**Sent:** Thursday, July 27, 2000 10:24 PM  
**Subject:** www.avicena.com

Fahad can you please take a look at why [www.avicena.com](http://www.avicena.com) throws a "Directory Listing Denied. This Virtual Directory does not allow contents to be listed" error. And let me know when and how it will be resolved. Apparently NOBODY else gives a shit. Let me know if you need access to any resources.

**From:** Sarwar Mushtaq  
**To:** TeamInKarachi  
**Sent:** Friday, July 28, 2000 9:26 AM  
**Subject:** Re: Avicena

I AM REALLY NOT IN THE MOOD TO START MAKING MORE UNPLEASANT CALLS TO KARACHI. CAN WE PLEASE GET OUR ACT TOGETHER????????????????????<sup>26</sup>

<sup>26</sup> *When Sarwar threw a fit, he threw a fit. Mercifully for us, the brunt of these raging storms was borne by Aleph's Karachi team since Sarwar took great pains to ensure that Avicena team hosted in Aleph's Karachi premises always felt at home.*

**From:** Dylan Steeg  
**To:** jawwadf@alephinc.com  
**Sent:** Tuesday, August 08, 2000 6:21 PM  
**Subject:** Re: SAMO

Jawwad,  
Yes, I started @ Intel Capital last month. Learning lots, have no time, but having fun. I look forward to the launch email and hopefully {like all great start-ups} you will have an enormous launch party in order to squander 33% of your VC's invested capital in one swoop. Sorry. Fatigue setting in. I hope that all is well with your family.

**From: Jawwad**  
**To: Fred Poska**  
**Date: August 26, 2000**

Dear Fred

In our last discussion you had asked us to give you a plan for tackling the actuarial segment for our online education business. The material in the next two pages gives an outline of that plan.

SOA Survey

The Society of Actuaries recently published a membership survey. The most relevant results and implications are presented below:

49% of sample supported an effort to establish an online university that supported professional development and continuing education activities under Society of Actuaries banner.

Members indicated a preference for Employer and Society of Actuaries sponsored events compared to events conducted by third parties and for profit companies.

21% of the sample expressed a definite desire to use online courses for professional development and continuing education efforts. 40% of sample expressed a desire to mix online courses and conferences to support their continuing education activities.

Employers generally underwrite professional and continuing education expenses. As a result the target segment is relatively price insensitive between the price range of 600 – 1500 dollars. A price tag beyond that level would have an impact on demand for courses. 73% of the profession has access to the Internet at home as well as at work.

50% of the sample felt that continuing education courseware should focus on new and emerging issues in the practice area.

74% of the members also agreed that the choice of subject was the key decision factor in their selection of a seminar or conference.

For us this has the following implications:

One of the largest membership organizations in the profession has validated the need for

an Internet based professional development workplace for Actuaries. A significant percentage of members have validated the need for online courses.

We can increase our chances of acceptance by the profession if the course ware is co-branded by Society of Actuaries and is offered as an Employer Sponsored program.

The choice of subjects can have a tremendous impact on the popularity and acceptance of a course.

Strategy going forward<sup>27</sup>

The drivers for the strategy are credibility and acceptance. The results of the survey have already set a direction for us. Our objective now is to enroll the full support of Society of Actuaries for our course development efforts and to get as many employers onboard as possible. Although the ultimate end users are still individual actuaries, we feel that the right distribution channel is the employers and the Society of Actuaries. The following steps will allow us to move in that direction.

Conduct an additional survey. The objective is to determine membership preference for subject areas that we are working with. The survey has already been developed and tested with a sample of eight actuaries. Next step is to roll out the survey over the next four to six weeks.

Meet with the Society of Actuaries and present options for developing co-branded courseware.

We would also discuss opportunities to use Avicena's platform and technology to leverage existing content developed by the Society of Actuaries. Follow up would include approaching additional international membership organizations in United Kingdom, Australia and Canada. We have already established contact with the Society and are in the process of arranging the first meeting.

Meet with mid size reinsurance companies and present options for developing courseware for in-house training programs and clients. In case a program does not exist, we propose the establishment of a virtual training center to leverage existing content and training programs. Client Actuaries and Underwriter training is a significant value added service

provided by reinsurance companies and the virtual training program is a very cost-effective way of providing that service.

Reinsurance firms are the most efficient distribution channel for rolling out our product to the insurance industry. A mid size reinsurer has a portfolio of 100 – 500 insurance companies who would get exposed to Avicena technology and courseware, when the reinsurer signs up with Avicena. Create visibility for Avicena by attending seminars targeted at Valuation actuaries and Reinsurance actuaries. We are now covering all the seminars offered before the Society of Actuaries annual exhibition in October 2000. We feel that the events are an excellent networking opportunity as well as a chance to show off and get feedback on our products.

Use the Society of Actuaries annual Exhibition in October this year as the official launch date for our course offering. I hope this answers some of the questions you have had in your mind. I look forward to seeing you on Tuesday, the 29th.

Best Regards.  
Jawwad Farid

*<sup>27</sup> This email marks a key transition in the Avicena story. Before I wrote the strategy paper for Fred Poska, I was sure that the market for our product was membership of professional bodies - defining us as a Business to Consumer (B2C) venture. This note marks the transition that changed our focus from a Business to Consumer model to a Business to Business (B2B) one. Just as Adrian's note later on in the chapter 'The Silver Lining of Biz Dev II' marked the end of Avicena for me, the transition from B2C to B2B marked the beginning of the end for us. From a distribution point, it would have been simpler and easier to launch what we had with Society of Actuaries and their 16,000 strong pool of members than to go after individual insurance companies, selling them on the need for training and professional services for their actuarial employees. In the end, the debate boiled down to choice of distribution channel and medium used to capture and attract customers. We dumped simplicity and added a layer of complexity that would move our time to market by another six months. More on this later.*

*To Fred's credit, being the sharp professional he is, he pointed out that this transition would dilute our focus and harm our chances for raising money and our ability to execute.*

**From: Jawwad**

**To: Barbara@soa.org <sup>28</sup>**

**Date: 27 August 2000**

Dear Barbara,

Thank you very much for your email. As requested I am enclosing some additional information about Avicena LLC.

We are a year old online education startup that teaches Applied Finance on the Internet. Over the past twelve months, we have developed and refined our teaching methodology, our online learning environment, our course generation processes and our technology that allows our customers to generate customized courses on the fly. Our planned course offering are divided in four major tracks:

- a. Derivative securities and applications
- b. Stochastic Models
- c. Asset Liability Management
- d. Intersections (A compilation of selected courses that build on principles of Financial Economics, Investment & General Management. Examples include Applied Strategy, Value investing & Fundamental analysis)

We founded this company because we believe that:

As the paths of banking and insurance industries merge, there will be an increasing need for course ware that transfers the ability to apply new knowledge and skills to practical problems in convenient, self controlled and self directed environments.

For professions responsible for the design of financial products, there will be a need for a broader in-depth understanding of complex financial securities and transactions.

Professionals within the banking and insurance industry only have a superficial understanding of derivative instruments, stochastic models and asset liability management.

There is strong and definite interest on part of the same professionals to educate themselves, but the technicality of current literature in these fields prevents them for taking any corrective action.

We feel that an opportunity exists where we can create valuable options for professional development and continuing education for Society of Actuaries membership. One such option is the development of co-branded educational courseware on the Internet for continuing education and professional development needs of Society members.

I would very much like to meet with you and the continuing education department to present some of the ideas that we are working with as well as discuss scenarios where immediate cooperation between the Society of Actuaries and Avicena LLC is possible. I will call you on Friday afternoon (August the 23rd) to setup a mutually convenient time.

Best Regards  
Jawwad Farid

*<sup>28</sup> In August 2000, three months after our move to California we made contact with Barbara who was more than receptive to taking a look at what we had to offer. Our response – we will get back to you later.*

*If fate is kind enough to give you a chance, please don't slam the door in its face.*

**From:** Jawwad@School  
**To:** Dylan Steeg<sup>29</sup>  
**Subject:** Re: SAMO  
**Date:** Fri, 8 Sep 2000 17:02:37 -0700

Dylan

Here comes the awkward moment. We are still trying to go live in 10-15 days (yes, it never ends.) But at least the site is at a level where we can start showing it to people without undue embarrassment. Three favors

1. It's still in Alpha (beta to follow in 10 - 14 days) but you will get a link emailed to you sometime in the next one week
2. I will also send you a 2 page exec summary.

3. I need an introduction within Intel Capital. Would you be in any position to help out on that side?
4. Is there anybody else within the institutional VC side that you think would be interested?

D&T has agreed to accept us as a formal client. They need to do their regular due diligence before the process is completed but they have agreed in principle to do it. They have also introduced us to a law firm they work with (Paul Hastings) and have agreed to shop the biz plan around within the angel community in Southern California.

I am in NYC these days checking out competition and talking to some potential customers but I should be back by the 19th of Sep. Let me know if you need any additional information.

The business by the way is online education and we are targeting finance for professionals and practitioners. It would be nice to get Intel onboard as a customer also.

Take care  
Jawwad

*<sup>29</sup> Dylan and I had already worked together on the strategic positioning and benchmarking paper for Avicena with respect to its competitors. This was our last class project in the strategic management course taught by Ralph Biggadike. Besides strategy, we had also shared a group in Turnarounds with Laura Resnikoff and had become good friends. Given his role at Intel Capital, he was a natural choice as a peer reviewer for business plans, projections, and investment memorandums.*

**From:** Dylan Steeg  
**To:** Jawwad  
**Sent:** Friday, September 08, 2000 2:20 PM  
**Subject:** Re: SAMO

Jawwad,

Good to hear from you. There are two areas of focus within Intel Capital which I believe you may or may not fit within. The first is Services, and the second is E-Business. I'm leaning towards the latter, but am not sure.

Let's talk this weekend. I'd like to see your latest executive summary and proforma. I can start looking @ the org chart here and find out who would be right in looking at this.

The tricky thing is, Intel Capital typically wants to see a new technology, ability to increase the demand for chips, or a high-chance of return. I know that you were working on a new way to aggregate and provide content. Perhaps we should focus in on this ability, and use the education focus as its first application. {Writing while thinking}. I'll call you.

Dylan

**From:** Jawwad@avicena  
**To:** Dylan Steeg  
**Sent:** Saturday, September 09, 2000 6:51 AM  
**Subject:** Avicena

Dylan

This is where its gets confusing. Even I am not sure where we would fit in with this classification... Maybe some background info will help.

How do we see our selves? We see ourselves as a business that produces courses on applied finance (How to do Proforma Projections to Asset Liability Management to Portfolio Construction to Interest Rate Models and Derivative Instruments).

There are two sides to this business. The first is content generation where we feel we have an edge due to the nontraditional and unconventional approach to teaching that we are taking. Our learning experience is a four step process.

- a. Introduce terminology and notation (break the code, understand the language),
- b. Introduce basic principles,
- c. Walk through applications and
- d. Provide feedback on performance.
- e. Add an additional layer that allows customers to generate custom courses to learn what they want and you have a powerful combination

The second side is marketing the stuff. The first target market (proof of concept) that we have selected to work with are actuaries and corporations with structured and unstructured training programs. If the program exists we are a supplement, if it doesn't we are a very powerful alternative to existing options. Once the product has been tested and refined, we scale it up to universities and distance learning programs (think of all the junior colleges with dreadful finance professors and the processors they would have to buy to support this venture). The key thing is to position this as a supplemental choice rather than a competitive threat or alternative.

How does it fit with Intel chip making business? I primarily see this as another application that pushes more people to spend more time with their computers and on the internet -- Broad based Internet Application -- demand for servers & hosting services

Are we services businesses? I am not sure since traditional definition of service implies fixed costs and overheads and manpower and labor. Yes there is an aspect of all these within our venture, but once the content is up and running, you can recombine it, repackaging it and resell it as many times as you want. Which is one reason why we believe that this will be a very profitable venture once we get beyond a critical mass of courses that can be licensed on an annual, per seat basis.

The exec summary is ready and available but the numbers are all out of date. I would need to spend some time on that before I can send that to you. But the link should be with you before the end of next week. In the mean time if you have any questions at all, please feel free to email me.

Take care and thanks

Jawwad

**From:** Jawwad@avicena  
**To:** SM; Denise Davies; Fawzia; Ashar; Nadeem; Naushad  
**Sent:** Wednesday, September 09, 2000 5:28 AM  
**Subject:** Avicena

Ladies and Gents...

The site is up at [www.avicena.com](http://www.avicena.com). The user id is denise, the password is denise1. Please go through the first course called corporate finance

We have all put in a tremendous effort into this between January and now and have made really outstanding progress almost on all fronts and have also learned a lot about how this would come together. All the stuff is out there. But ...

Notice there is always a but.

There is still a lot to be done. Naushad is facing a resource crunch and needs more people to meet the deadline, I had a long conversation with him and his initial need is two developers with Java experience and expertise. According to him the resources do not exist within Aleph. I have asked him about the COCO team and he is not sure if there is anybody there that he can use.

We now have two questions. We have the site. We have the first course. There are some packaging issues and some stuff left over that is being taken care of by Naushad. Between Ashar and Sharleen and Mohsin (employee number four), these will be worked out over the next two weeks.

The big problems for us are the following issues:

1. Since this is the first time the site is working with a full course we are getting a lot of feedback on User Interface issues.
2. Course input has been a total nightmare without an automated way of entering stuff inside and that brings us back to the backend question
3. Testing engine / part is also critical for moving forward and getting customers on board.

How do we want to work with these issues?

I know that the answer in our minds is to let's get funding and then sort it out but it will probably create more problems in this case. We have created a lot of momentum in the last two months and putting a hold on the project, may just as well kill it.

There is a time to market issue here also and an urgency to get more customers on board. I also feel that we are now within an arms reach of something really big and stopping short will just push us in the wrong direction.

Please let me know how we want to proceed on this. I will look forward to your comments.

Take care

## Takeaway

- ❖ **Inspiration:** Inspiration is just the beginning of a journey. What follows later is dull, boring and unexciting. Without the dull and boring part there is no beef
- ❖ **Anger Management:** There has not been a single occasion in my life where I have looked back and said losing my temper was exactly the right move at that time. DO NOT LOSE YOUR TEMPER
- ❖ **Sales cycles:** Business to business sales cycle is long. There is a big difference in buying something for yourself and buying something for which you need corporate and official approvals

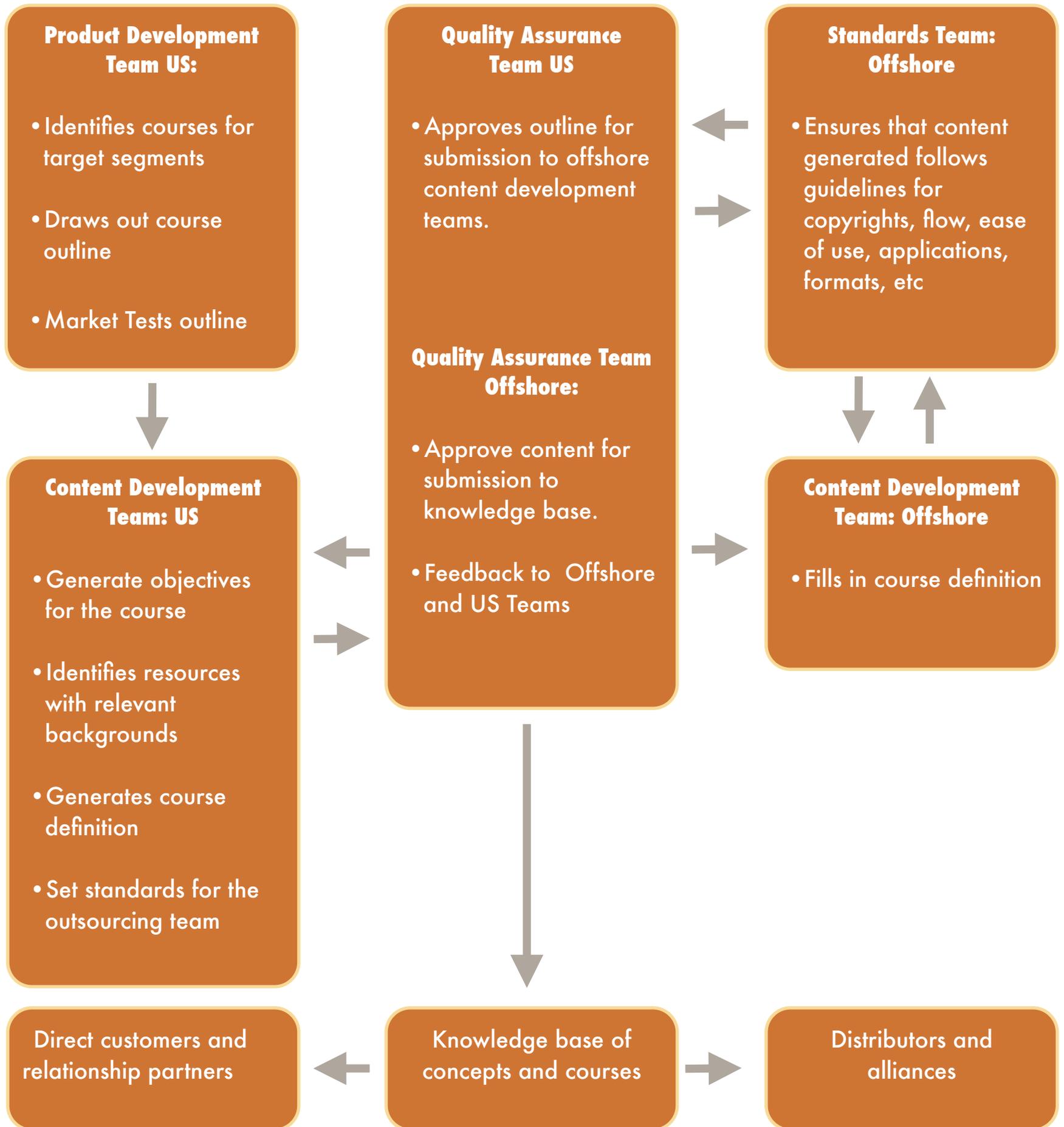
You need to start selling long before your product is ready. Ideally pre-selling a product to a customer reduces yours and his risk. You have some one to underwrite expenses and he has an opportunity to preview things before they are set in stone

- ❖ **Validation:** Pre-sales also provides an opportunity to validate your idea at a concept stage. Ideally look for market validation for your core selling points

For e.g., the Society of Actuaries survey quoted in the email above saved us a few thousand dollars because it delved deep into the minds of our initial target audience, asked and answered questions that we wanted to get answered, as well as created credibility in front of investors

- ❖ **Strategic shift:** Do not change a simple strategy with a more complex one. Do not let go of a quick win that will get you in front of customers and closer to generating revenues for something more complex or longer term. Small wins first
- ❖ **Touch a customer:** An opportunity to work with a customer (no matter how small) should always be preferred over an opportunity to work by yourself on perfecting the product, perfecting your strategy or improving your valuation

# PROCESS



At the heart of our business model were the content generation processes we had to put in place in Karachi and California. Under ideal conditions, we were set up to work with four teams—Product & QA U.S., Content U.S., Content Off shore, and Standards & QA Off shore. In reality, we could only afford two— me here in the U.S. and Ashar and Sharleen in Karachi.

Since we still had to do everything we had laid out above, it made sense to invest a little time in making sure that we got the process right. If that worked, then even with four teams short and a hopeless resource situation we could still deliver something.

The emails included in this section are important for a few reasons. First this is the only section in the entire book, where I actually hint at one of the reasons why Avicena was different from its competition. The inspiration for breaking knowledge down into atomic components and then recombining it based on user needs and requirements came from a paper published in MIT Sloan Management Review<sup>30</sup>. This atomic structure or DNA is what the first email described. It was this structure that allowed us to create custom courses based on individual needs on the fly, real time and create an offering that was unmatched at that time. The second email describes the mindset required to make it work. It was the processes outlined in the following section that made it possible for us to build with less than a million dollars, what competing firms couldn't do with more than 40 million dollars in funding. Thank you, Meyer and Zack. (If the content gets too tedious feel free to skip it).

<sup>30</sup> *The design and development of information products, Sloan Management Review, Spring, 1996, Meyer, M H & Zack, H Z.*

**From:** jawwad@avicena  
**To:** AvicenaKarachi; AlephKarachi; SM; Denise;  
**Sent:** Sunday, September 10, 2000 8:13 PM  
**Subject:** Course Generation

Ashar and Sharleen

Please work within this process for all future work on the courses side. Let's take a step back from the course on ratio analysis and see how we can proceed using the following process. Once we have done that, we can go back to the text and use sections and chunks of it in the concepts that we decide to teach.

These are just guidelines that I had developed working on the first course. They need to be formalized and improved and if anyone has any suggestions about what needs to be done, please feel free to let me know.

Take care  
Jawwad

## **PROCESS FOR GENERATING COURSES**

1. Create outline in the standard definition format. The standard definition format is
  - ❖ Notation and Terminology
  - ❖ Basic Principles
  - ❖ Applications Feedback (Questions & Answers, MCQ's, Examples, Additional Cases)
2. Pass the outline back to the course generators for initial review and feedback. Add more questions, materials, comments, items, etc to the outline and the standard definition document.
3. The outline serves a key purpose. It is a blue print of what we want to teach. What is it that we want the customer to walk away with when he is finished with the course? What is it that he will retain when he is done?

4. The key is to remember the objectives behind each section of the standard definition format.
5. **Notation and Terminology** are only meant as introducing base definition and material. These items are generally too basic to warrant a full course or too simple to be covered as a standalone concept.
6. **Basic Principles** is what you want to teach. What are the six things you want the person to remember, retain, and learn at the end of the course. In the first few iterations the focus should not be on generating content, but more on identifying and designing the course objectives and figuring out what is the best way of covering that material. As the course outline gets more defined and we are able to identify even smaller concepts that we would like to teach, we start focusing on what is the best way of teaching the material.
7. Our objective should be that courses should always be taught by example. Avoid long unbroken chains of text that elaborate on definitions and concepts. Always engage the customer with an example that he can relate to and follow in his head. This is the best way of teaching. People tend to get lost in the abstract.
8. **Application:** Application will always be a comprehensive walk through case that lays out what needs to be done and brings together the material covered in Notation and Terminology and Basic Principles. This is really important. If it didn't warrant an inclusion in the case, it should not be there in the first place. On the other hand if it's important enough to be included in the preceding material, it has to be illustrated in the case.
9. Sometimes we may need two separate cases to cover all the concepts covered in a course. When this happens, we need to be more careful about how the course is structured. The best possible solution in such a situation would be to break the course in two parts.
10. Finally remember that the customer has to have a sense that he walked away with something. That he achieved something and learned something. This has important implications for motivation as well as the optimal course length.

Once the standard outline has taken shape, we can go ahead and start filling in the content. However, it may be advisable to repeat the same exercise for the concepts at a lower level.

**From:** jawwad@avicena  
**To:** AvicenaKarachi, AlephKarachi, Davies, SM;  
**Sent:** Sunday, September 10, 2000 5:42 AM  
**Subject:** Re: course 2

Sharleen

I read the material once again. More suggestions.

1. First, please don't look at this as criticism. These are just point of views that I have developed over the past six - eight months and Ashar has also experienced them on a first hand basis. This is not a reflection on your work, just guidelines for all of us. (have some free time now since one of my appointments got cancelled.)
2. Before any of us write content we have to imagine who is the ultimate end user of our products and under what environment will he be using our courses. Our ultimate end user is someone between the ages of 25 - 50 years, who wants to learn something new and different and would like to use the net to do that. There are a few scenarios that you can play with to put things in perspective
  - a. He is probably working late at night or early in the morning, is probably working with a lamp light in a dark room that is forcing him to go to sleep. So you have two enemies. He is tired and he is sleepy and he is somewhere that is literally screaming at him to drop this and go to sleep. How do you keep him up? You can only keep him up if you keep him engaged. If you talk to him and ask him to do things or throw things at him that are interesting or relevant and that he can associate with. So we post questions about what is the right price and how can you figure it out. Or here is a puzzle; try and solve it. Or even present things at an intuitive level (Stop reading. Try and think this through before you move forward.)
  - b. Scenario b is even more complicated. Now the same guy is working from office and needs to learn something in a hurry either for a meeting or a conference call or simply because he has to understand this before he leaves for home. In this scenario it's important that we use a different approach. What are the seven key things he needs to know about ratio analysis.

Why is it important? How does it make sense at an intuitive level? What is the shortest and easiest route for him to understand these? Once again engagement is important because it gives him a sense that he is picking up something. It also allows him to focus on doing something rather than reading it.

What is the bottom line?

1. Think of yourself when you are tired, sleepy or in a rush and then think. How would I react to what I just wrote if I was in that state of mind? What can I do to make it more attractive for myself?
2. Don't use definitions. Use creative ways of showing people what you mean. If you have to use a definition don't go beyond a couple of words (one short sentence is all that you can play with)
3. Use lots of examples and opportunities for engaging and interacting with your customers
4. Use real life brand name exciting examples and real data. God knows there is enough out there
5. Keep it simple, concise to the point and attractive
6. Be very very very careful of copy rights issues.

Let me know if you have any comments or suggestions.

Take care  
Jawwad

## Takeaway

❖ **On Process:** Whether it is quality assurance, productivity, or a decision to scale up, there is one common denominator that determines how good a job you could possibly do. That denominator is process. Fix the process and everything else will fly. Ignore the process and thou shall wilt, wither away and die

Do not fall in love with your process

# LAUNCH

The ideo of launch. Take me away from sleep for a week, pump me full of Mountain Dew, put me on a jet plane to a city where I have never been, dent my luggage, book me a room in a lousy 19th-century hotel, overdraw my account, cancel my cards, crash my server, ignore my instructions, decline my key presenter's visa application, and then call me. That more or less sums it. The only thing I left out are the obscenities because I want this book to retain its PG-13 rating.

Doesn't matter how much you prepare for your launch, when the time comes to push the switch, you will take the whole block down with you. Aleph and Appsys' Karachi team got to a point where they would have walked out on me if Sarwar hadn't buffered the warm winds blowing from my end. But then it was all very anticlimactic. There were no venture capitalists<sup>31</sup>, no customers, and no money. Just a really neat system and an even neater demo. We did get quite a few leads that we started following up but the million-dollar check that I thought would be waiting around the corner when it all came together was nowhere in sight. Had I foreseen this disappointing end result, I would have taken it easier and salvaged at least a few relationships that were damaged beyond repair in the two pre-launch weeks. At a more personal level the post launch depression was a counter intuitive phenomenon. You were finally able to show the world what you had slaved two years to produce but the world wasn't interested.

In a pacing sense, launch is the first of many milestones to come. Don't expect to get it right on your first launch and don't expect customers to swarm over and buy your product. You need to have enough reserves left over to figure out what needs to be fixed and tweaked for you to reach these important rounds (get it right and customers swarm). If you give it all or the launch takes it all, you will be the boxer with the broken nose who threw in the towel and couldn't make it past round three.

<sup>31</sup> *People with money who write big checks for small companies so that they can make even more money for the people with money.*

**From:** Jawwad@avicena  
**To:** Nadeem Ahmed; Denise Davies; SM; AlephKarachi; AlephBoston;  
AvicenaKarachi  
**Sent:** Tuesday, September 12, 2000 3:04 AM  
**Subject:** Avicena New Course and Site

Davies, SM, Nadeem, Fawzia, Mohsin, Naushad, Asif, Saif, Waseem, Sabeel, Ashar, Sharleen, Fahad Zubair, Fahad Shameem Thanks a lot. I cannot express my gratitude for what you have done. You have all done a tremendous job in getting us where we are today...

I can't apologize for keeping all of us awake (since it is still not over) at all times of day, night, family quality time, personal time and other unreasonable demands that I have made since January but I can assure you that together we have built something that has no parallel in the world. The technology, the interface, the content and the quality of everything that has gone into Avicena has been just world class.

Of course this doesn't mean that the work by any chance is over. We are almost there. It's the last 3% - 4% that will drive some of us into nervous breakdowns and burn outs. But it is the last 3% or 4% that will get us beyond and better than anything anyone has to offer anywhere in this world. We don't want to be world class. We want to be in a class of our own, a class that is good enough to change the world.

Once again gratitude on the part of the team at Avicena for the support and commitment shown by everyone involved in making it happen. Bear with me for a few more years (ok... months... just a few more months) and the world will come knocking on our doors.

Take care  
Jawwad

For those of you who are wondering what is this about it. Check out ([www.avicena.com](http://www.avicena.com)) click on courses, click on corporate finance, and behold, we are live and kicking. Naushad can you pls make sure that everyone associated with Avicena gets a copy of this email. SM please make sure that Saif and Sabeel get this. Ashar confirm that Sharleen gets a copy of this message.

BTW between all of us... registration still doesn't work...

**From:** Bates, Ken  
**To:** Jawwad Ahmed Farid  
**Sent:** Tuesday, October 24, 2000 12:50 AM  
**Subject:** Surf's up

If you pull your nose away from the monitor screen once in a while, you'll find that REAL Californian's gotta know how to SURF! (not the "web", the waves!!) Haven't heard from you and miss our chats. Did you give me an Avicena password? I try to check the site, but don't have a password. Let me know, so I can take some of your finance courses or give you some feedback.

Love to Fawzia and Amin (no others yet, right?)

**From:** Jawwad@avicena  
**To:** Bates, Ken  
**Sent:** Tuesday, October 24, 2000 8:47 PM  
**Subject:** Re: Surf's up

Hello there...

I have kind of been living in an alternate reality version of the real world where there is no sleep just caffeine and servers crashing right left and center. One last minute esoteric bug has now delayed the launch of Avicena for more than two weeks. We finally figured out what was wrong and are working on it. Chicago went very well. Four demos lined up for sometime around this week. Speaking to another group on the banking side of business that has customers we need. And we have the tech that they are looking for.

Looks like that we may actually have that half a million in revenues before the year is out. Insha Allah... Everything else is pure madness. The user id is denise. The password is denise1. It goes up and down as we update it and test it and crash it. But its normally around. If you can't get in at all, try half an hour later, or call me.

Unfortunately to become a real Californian would require that I switch from my very healthy lifestyle of going to office, working, sleeping at office, working, coming home, changing clothes, working, sleeping at home, working... going to office... working... eating

at office...working.....

I miss Harvey... Was in Chicago the other day<sup>32</sup>....

<sup>32</sup> *What are exhibitions really good for? In real terms the Society of Actuaries (SOA) Annual Exhibition, the launching pad for Avicena, didn't do that much for us. It set a deadline that we had to meet, which we didn't. It gave us an opportunity to talk to a group of customers and see how they would react to our product concept. Which they did. It generated a handful of leads that we tracked down and followed up after the exhibition. Did we close any major deal? No. Did we sign up any customers? No. Did we rock the world with our cutting edge technology? Not really. Did we follow up with Barbara? Ouch. Was it worth it? Yes.*

*Participating in exhibitions is something that you have to do to create visibility, traction, keep an eye on competition as well as solicit customer feedback in a cost effective fashion. You get better at it with time and practice. Focused events like the SOA affair are recommended because they bring your target market to your stall. The rest is up to you.*

**From: Jawwad@School**  
**To: clusterx00**  
**Sent: Monday, November 06, 2000 10:02 PM**  
**Subject: Update from LA LA Land: Jawwad Farid**

Remember me...

We are now live. The team has spent a tremendous amount of time and energy in rolling out the site. [www.avicena.com](http://www.avicena.com) has been up from 27th October and moved into Beta<sup>33</sup> Testing on 1st November. Avicena LLC, the business, was officially launched at the Society of Actuaries annual exhibition in Chicago on 15th October. We have been on the road talking to potential customers and industry professional, eliciting feedback on the product, the technology and positioning.

I wanted to share the work we have done on the technology, processes and content fronts with you. So here goes (preceded with a shameless self promotional plug)... For those of

you who survive the plug, there is a Beta User Instruction Sheet at the end.

Shameless self promotional plug<sup>34</sup>

Avicena is a knowledge management company, in formation for a year. We teach Applied Finance online and our focus is on functional knowledge - what is it that you have to know to excel at work. The target market is small businesses and corporate customers that need scalable learning solutions for employees, customers and stakeholders.

Please feel free to contact me if you have any problems, comments, suggestions and feedback. Looking forward to hearing from all of you.

Jawwad Farid  
Avicena LLC

<sup>33</sup> *Quality assurance on software at programming teams happens in five key stages. A programmer writes code and tests it on his computer (also known as unit testing). When he is satisfied with the overall quality he moves it to an environment where the project team code resides. This environment is known as dev (short for development). Once the quality assurance team is satisfied with the code residing in dev and wants to target it for release, the code is moved to alpha. Within alpha code undergoes more testing but is still not visible to customers. From alpha the code migrates to beta, a customer visible testing environment where external users also become part of the quality assurance team. From beta the codes graduates to production, marking release or live environments.*

<sup>34</sup> *Notice the switch – No longer actuaries or professional bodies – B2B language that was expected to lead to a higher valuation.*

## Takeaway

❖ **Mind your manners:** Say thank you. Say sorry. It doesn't matter how many times you say it, it will never be enough

❖ **Disappointment:** Be prepared for the launch event to fail and disappoint you

If you feel the need to savor your disappointments, I recommend country music, nachos with cheese and a bottle of non-alcoholic sparkling apple cider

❖ **Self Pity:** Do not let the wallowing period last for more than a day

# BUSINESS DEVELOPMENT

By the time 2001 began, we had taken care of our technology hiccups and the product and platform were both maturing very nicely. Content processes were in good hands and Ashar and Sharleen had a good grip on new course development as well as the editorial standards that we had set for ourselves. Together with Sarwar and his teams in Karachi and Boston, we started working on a makeover for the site as well as new marketing collateral that would present a much more polished and mature image in front of our clients.

While this was being done, I decided to refocus myself completely on Avicena by stepping away from Aleph assignments and projects. The goal was to generate cash through revenues or close an investment round with an institutional investor within the next quarter. Aleph had started struggling and it was important that we be able to stand by ourselves, survive, and, if possible, support them if they ran into harder times. Two weeks' worth of sales calls would start yielding results in another month or so. If they did, the phone calls would be the wisest and most profitable use of my time.

Well, marketing is all about follow up. That is what I did. Once a lead came in, I took it over and stayed with it shamelessly until I was given clear instructions about what the next step would be for that relationship. Primary lead generation happened through Aleph's affiliate network, techno venture events, cold calls, investor directories, Columbia alumni, professors, classmates, and industry magazines. My father had spent all of his professional life selling insurance, and our childhood sessions in which I heard how he taught his team about prospecting, selling, and closing started coming in quite handy.

Even though we had gotten the collateral right and it started paying dividends, we still hadn't sorted out the pricing schedule for our platform. In two customer conversations, we stumbled badly on pricing questions because we weren't sure what exactly our competition was up to or who we were competing with. On the cash generation side, two easy hits would have been the individual market and the Society of Actuaries proposal that was lying on ice somewhere on my laptop. But I didn't want to give up on the corporate segment so soon, especially now that we had made the breakthrough in Dubai. With hindsight, we should have also gone back to Deloitte & Touche and asked them if we could do something for them on the training side that would help bring them on board as beta customers and a referral on the very first day. But the thought came

five years too late.

**From:** Jawwad@avicena  
**Sent:** 25 February 2001 00:31  
**To:** Jawwad List  
**Subject:** Update from LA LA Land

Well its time for one of those warm and mushy emails from LA LA Land. It's been a long time since I sent one of those out. Got something in the email today from my incubator that I really really really wanted to share with you. You know it's that engineering / Dilbert thing – look what a cool toy I bought – so bear with me.

Things have been moving at kind of a hectic pace. I have been all over the world since late November and finally landed in LA two weeks ago. Its 2a.m. right now on the pacific coast and on a whim decided to take time out and tell all of you that New York was never as bad as I made it sound and that I miss you, the school and the city.

We have finally managed to wrap up all the technology issues. Considering that I told my partners “this will not take more than three months”, the fact that it took just over a year is very humbling. Also found some money in the most unlikely of all places. Well technically speaking, I still haven't found it, just found a group of people willing to listen to our presentation, read our business plan and make encouraging noises. But as a result the business plan is back to being the bane of my existence. We are now all the way up to version 35a. When I look at the projections in version 1.0 and the projections in 35a, I am quite surprised that the SEC is not knocking on my door.

The relationship with the incubator is still very warm and encouraging. They haven't started blaming me for all the evil in the world, NASDAQ's current problems, the dried up funding market as well as the rains in southern California. But I guess if I keep on going at my current rate, that too will change.

On the learning side, learned that your first most obvious and most cherished market segment is not the one that generates the most revenues first. We have gone from being a professional development service targeted at finance professionals to a professional development service targeted at the insurance industry to a company that develops courses

for banking professionals. And guess it's the bankers who are willing to write the check. Not the finance professionals, nor the insurance companies. Well anyhow the good news is that we are currently working with at least three banking leads, the product is our most recent offering, a course for credit & loan officers that is equally valuable to the guys in the back office and the management committee.

No, I am still not managing oodles of people. Just a two member really really dedicated team in Karachi, one really devoted and faithful CPA in LA, two down to earth interns and the relationship people at the incubator. Apparently you need serious money to pay people and besides the group above, I have had major difficulty in finding young, driven, talented professionals willing to work on faith and sunshine. If you find some, please send them my way.

Now for that cool toy bit I was talking about earlier. There are two files attached to this email. The first is a plain html file; the other is a flash shockwave object. Save both of them in the same directory (any directory will do). Then open the html file (Internet Explorer will be just fine). You should see a 30 second flash presentation about Avicena. We are using this to market our product as well investor presentation. Let me know what you think. The contact details are still the same –Pacific Time and this email address.

Oh and one more thing. If you are looking for really serious punishment, I converted our two brochures to pdf files. They are 1.8 Meg zipped - each. Send me an email if you would like to see those and our creative juices at work– or your mailing address and I will mail you copy. If you want you can also download the brochure from the following link <http://www.alephinc.net/thi/AvicenaBrochure.zip>. That is all folks. For now. Time to crash and burn.

Take care  
Jawwad

**From:** Dylan Steeg  
**To:** jawwad@avicena  
**Sent:** Saturday, March 03, 2001 11:07 PM  
**Subject:** Re: Update from LA LA Land

Jawwad,

Hey there. Gave the attachments a try, but only got a purple screen<sup>35</sup>. Dunno. I'm running a PII so the computer shouldn't be the issue.

All the best with the changing b-plan.

Dylan

<sup>35</sup> *What will go wrong will go wrong. We bombed on this email. I have already written a bit about how the Quality Assurance (QA) process works in technology companies in earlier foot notes. What I have not written about is how difficult it is to find good QA resources and get a good quality assurance team up and running. Unlike programming talent, QA talent comes from a different stock and back ground and is in far shorter supply. Which leads to QA functions that are barely adequate when faced with the needs of a rapidly evolving product.*

**From:** Jawwad@avicena  
**To:** Dylan Steeg  
**Subject:** Re: Update from LA LA Land  
**Date:** Sun, 4 Mar 2001 01:25:52 -0800

Dylan

My apologies. I goofed up. There is some issue of a shockwave object not downloading and I have received other complaints also. Anyhow we have now put the link on the web and you can try it from this link <http://www.alephinc.net/avicena/demo.html>

Take care

Jawwad

**From:** Dylan Steeg  
**To:** jawwad@avicena  
**Sent:** Sunday, March 04, 2001 10:55 PM  
**Subject:** Re: Update from LA LA Land

No prob. Better to beta test with friends than prospective funders ... :-)

**From:** Jawwad@avicena  
**To:** Dylan Steeg  
**Subject:** Re: Update from LA LA Land  
**Date:** Sun, 4 Mar 2001 15:04:31 -0800

You know the funny part is that we did test it internally before we sent out the email, but apparently we failed to cater to the fact that different people have different security settings on their machines and that the shockwave object will fail to load. Luckily we found out pretty quickly when some one in the first group reported not being able to run the animation.

You learn a new thing every day. I hope things are going well at Intel. Did you catch the red herring coverage on e-learning.

Take care.  
Jawwad

## Takeaway

- ❖ **More on branding:** You can only educate the customer when you understand what you are selling. What were we selling? The essence of our pitch was that you could learn smarter and in a more focused pace online with the right learning acceleration tool. You could further leverage this by focusing on things that really mattered – the 20% that covered 80% of functional, practical knowledge required at work. And you could do this in an area (Finance) that traditionally was covered in mystique and complications, barring traditional audiences outside its door

Yes we were web based, yes we were online, yes we were cheaper than traditional educational opportunities and yes you could learn at our own time and pace. These were all replicable functional attributes that could very easily be mimicked by our competition. What differentiated us was how we stored information (the Zack and Meyer paper), how we made the process of acquiring the right material flexible and how we generated that content

You could make a case that even this (our differentiating factor) could be replicated but that required a change in our competition's architecture that was not supported by industry tools or even main stream thinking. Seven years later that mindset still hasn't changed

- ❖ **What is the difference between marketing, business development and sales?**  
Awareness, deal making and the purchase or acquisition decision by a customer

# THE SILVER LINING OR BIZ DEV II

Close to a year into the game, we were finally figuring out what needed to be done to get some attention. Reema was cranking out strategic investment proposals full-time; I was spending half the day on content and site reviews, the other half on generating leads and working the phone for clients and investors.

Starting February 2001, a lot of action started happening at once. We got our first query for developing course material for a banking client from one of Aleph's affiliate firms. The Sakura Bank subsidiary in LA started chatting us up about the possibility of a beta test for credit and loan officers using our content and interface. Chescore, High Tek, and Himalaya venture partners answered our phone calls and had a semi-interested conversation about the possibility of a fit in their portfolio. Reuters and Yahoo called out of the blue and we sent a copy of the strategic investment proposal to Soft Bank, Kaplan, McGraw-Hill, and a number of other publishing powerhouses. You could see the momentum slowly building up. In a fit of optimism, I even tried picking up the leads from the SOA launch from Chicago but too much time had passed since last October.

Chescore and Pearson were our two biggest referred leads. In essence, Moez Muzaafari<sup>36</sup> at Chescore agreed to take the conversation further as long as we could do a regional plan more focused on the Middle Eastern market. We had spent the last eight weeks getting that done. He asked us to start the due diligence process with an associate at Chescore. We were hoping that he would have some good news before March was over since it was now his call. The Pearson contact, on the other hand, had liked the initial outline and the fit we had suggested and had agreed to forward the proposal to their president.

Another two or three months and we hoped to see some payoff for all the midnight hours everyone had put in. It was about time.

<sup>36</sup> Please see the appendix on cast of characters

**From:** Jawwad Farid  
**To:** Jason Kubica; SM ; Denise Davies  
**Cc:** Carlos  
**Sent:** Thursday, February 22, 2001 4:17 PM  
**Subject:** E-Education venture

Jason

Carlos Desmaras, Class of '00 mentioned his conversation with you about Reuter's interest in e-education. I work for Avicena LLC, an online education venture in Orange County. Our focus is only on the financial services segment and I am sure there are areas of mutual interest that we can talk about. I would like to schedule a telephone conversation and if you can let me know when would be a good time for you next week. I am on Pacific Time but still keep New York hours. Look forward to our conversation.

Warm Regards  
Jawwad Farid  
Avicena LLC

**From:** Jawwad@avicena  
**Sent:** Monday, March 05, 2001 4:10 AM  
**To:** PearsonContact; SM; Reema  
**Cc:** Denise Davies  
**Subject:** Hello there...

Hello there.

Remember me. I do disappearing acts - getting very good at them. Life has been quite crazy since the last time we spoke but I am happy, busy, putting on weight, having the time of my life, getting my innocent cousins (Reema just joined us last week) and friends and family involved in my .com misadventures.

I have a few things that I wanted to show you. The first is a flash presentation that we have been showing to investors and customers. <http://www.alephinc.net/avicena/demo.html>

Second is the executive summary, which is also attached.

Third is a 1.4 Meg zip file with the latest Avicena brochure targeted at banking customers -

<http://www.alephinc.net/thi/AvicenaBrochure.zip>

We are trying to start a conversation with Sylvan ventures to explore the possibility of them coming on board as a strategic investor. Then I thought of you and Pearson and wanted to pass this by you.

Pearson actually has quite a few ventures in place / on the ground with some of the b-schools (Michigan and Wharton). There is also FT knowledge.com that leverages FT's content and its relationships. However there is nothing visible as yet and certainly no venture focusing on the Financial services segment or Finance in the e-learning.

Couple of questions:

1. Is this worth exploring?
2. Would Pearson be interested - especially now that they own all major respectable publishers?
3. Who would be the best people to talk to and what would be the best way of getting an introduction?

That is all for now at least on the business front. Work is cool. Difficult for me to imagine if I would ever be fit for a regular job after this gets over. I am seriously thinking of retiring and just staying home, raising kids, cooking and watching x-file reruns.

Take care  
Jawwad

**From:** PearsonContact  
**To:** Jawwad@avicena; SM; Reema  
**Sent:** Monday, March 05, 2001 4:16 AM  
**Subject:** RE: Hello there...

Jawwad,

Thank you for your note and the information. I have not looked at the attachments and probably will not get to them before the end of the week. However, here are some initial comments about Pearson in general:

- ❖ Pearson purchased NCS for its strength and richness of applications in the education market. The type of stuff you are talking about fits best with NCS Pearson. So, I think you would want to get in touch with someone at NCS Pearson, rather than Pearson plc.
- ❖ If you are looking for interest in your product, then yes it is worth pursuing. If you are looking for investment, I think it will be a long stretch. However, it does not hurt to try.
- ❖ Take a look at vue.com (part of NCS Pearson). They do a considerable amount of electronic testing business.

I will take a look at the information and get back to you with a more complete response.

All the best

**From:** Jawwad@avicena  
**To:** Dylan Steeg; nyerinca  
**Sent:** Monday, March 05, 2001 4:23 AM  
**Subject:** Re: Update from LA LA Land

I had been on the road since late November - Canada, Tokyo, home (as in Pakistan), Middle East, and finally got here mid Feb. On the money front we have now moved our focus to some of the larger groups - Sylvan, Pearson Education, New Horizon, etc – organizations that have been big before and are now looking to throw chump change (for them, but not for us) at fresh new ideas (like ours).

Take care

**From:** Jawwad@avicena  
**To:** Ralph; Jawwad List; TMP Group;  
**Sent:** Wednesday, March 07, 2001 6:13 AM  
**Subject:** Stop Press! Update from LA LA Land

18 long months and today we receive our first phone call from a very serious customer... Not that its money in the bank (btw it is a bank), but we are meeting them on Monday and after a 4 week beta, there is a good chance that they will come on board permanently with 50 licenses and two of our courses. Pricing is still a question mark but we will work that out Inshah Allah<sup>37</sup>.

After I stopped screaming and jumping (yup guys do that too), the first group I thought of were you guys and gals. Just thought you would like to know.

Take care  
Jawwad Farid  
Avicena LLC

<sup>37</sup> *When meeting with first-time contacts, customers, and partners, Sarwar always introduced this phrase by "If we do establish a working relationship you will hear us invoking two words on a regular basis. The first is Inshah Allah (God Willing) and the second is Mashallah (by the Grace of God)."*

**From:** Jawwad@avicena  
**To:** Jawwad Farid; Jason Kubica; SM; Denise Davies  
**Cc:** Carlos  
**Sent:** Wednesday, March 07, 2001 12:23 PM  
**Subject:** Re: E-Education venture

Jason It was a pleasure talking to you this morning. I sincerely hope that over the next few months, we will get a chance to work together. As promised I have enclosed the Avicena materials with this message. I think the best place to start is our very short flash presentation that gives a quick overview of who we are and what we do. Please click on the following link to see the online presentation. <http://www.alephinc.net/avicena/demo.html>

I have also attached a short executive summary followed by the Beta user instruction sheet that will provide you with the passwords needed to access the website. At the end of this email are two additional links to our most recent product brochure (pdf file) and the recent coverage in Red Herring on e-learning. Additional materials, including a detailed business plan, are also available on request.

We work with corporate customers to address specific knowledge, application and skills gap. Avicena develops standard and custom courses targeted at specific learning needs identified by its customers. The environment also generates feedback on individual learning and areas requiring further training support. The courses are instructor-less and web-based (online, Internet) allowing for scalability, 24 x 7 access and instantaneous, standardized, global rollouts of new training curriculum. Content drives this business and for us the important piece was getting the production processes right.

We now believe that we have a very good grip on those. Beyond that, certain key product features determine how successful & popular an e-learning solution is with customers. Flexibility, fit, emphasis on learning, availability on demand and depth and impact of content are some of the issues that we identified earlier on and have emphasized in product design, technology and production.

What I would really like to do is setup a time for a 30 minute demo after your trip to Europe. We can also use it as a detailed Q/A session on the best way to move forward on this. Let me know when would be the most convenient time to arrange this. Meanwhile if

you have any questions or comments that I can answer, please feel free to contact me. I will look forward to our conversation.

Jawwad Farid  
Avicena LLC

## AFTERTHOUGHTS

Quite a few people had a problem with the flash animation that went out. We had now put it on the web <http://www.alephinc.net/avicena/demo.html> together with the brochure that made the sale (this is a 1.4 meg zip file) <http://www.alephinc.net/thi/AvicenaBrochure.zip>

**From:** Jawwad@avicena  
**To:** PearsonContact; Reema  
**Cc:** SM; Denise Davies; Jawwad@avicena  
**Sent:** Friday, March 16, 2001 2:13 AM  
**Subject:** Re: Hello there...

Hello...

Just following up on the note from last week. Did you get a chance to look through the material?

We have done a reasonable amount of research on what companies like Sylvan, Tribune, Pearson, News Corp and Knowledge Universe (KU) are doing in the e-learning space in general and the corporate training segment in particular.

With the exception of KU, there is no focused or directed attempt to service the learning needs of the financial services sector. It is not that there is nobody present in that space. There are a number of players in the off line training business, a few in the assessment and custom and exec. education programs but only a handful in e-financial training for

financial services. What little exists in the online space is focused on technology related training programs. Given that

- a. Banks, commercial lenders and insurance companies have the highest budgets per employee for on-the-job training,
- b. There is tremendous pressure on this segment to improve its bottom line and use technology as a driving force to cut costs and improve employee productivity,
- c. The increasing awareness about e-learning, its applicability and relevance to these businesses

We very strongly believe that an opportunity exists for the right players with the right products. Reema is working on a memo that puts that opportunity in perspective. It also elaborates on our desire to work with a strategic partner (or investor) who sees the opportunity and is interested in exploring it.

NCS Pearson is extremely active on the assessment side, but to date there are no ventures that fit our profile. K-12, Assessment, Training, Technology - Yes; Finance, Financial Services, Corporate training - No. Pearson itself has executive education business by the name of FTknowledge that is leveraged off FT's brand. The problem there also is reliance on an off line model to compete in an online world. Please let me know what would be next appropriate step for us. Will look forward to your feedback.

Take care

**From: PearsonContact**  
**To: Jawwad@avicena**  
**Sent: Monday, March 19, 2001 7:04 AM**  
**Subject: RE: Hello there...**  
Jawwad,

I got some initial (positive) feedback from one of our controllers. He and I both feel that Pearson Education (of which NCS Pearson is a part) would be interested in something like this. We see it as an educational tool for professionals who do not have a financial background, but need to have an understanding of accounting/finance basics (the scope of your curriculum maybe much broader, this is just based on the courses that we have seen).

Pearson Ed. is a huge organization, and I have only met the CEO and the CTO, but that is about as much as I know of the organization.

I will try and get some information on who you should contact. In the meantime I would encourage you to look at the Pearson Education Website and get a better feel for who they are and what they do. Also, put together a memo about Avicena and its offerings, and why you think Pearson Education should be talking to you (Avicena). Send it to me when you think it is ready for a review. I can then get you the address of the CEO and you can send it directly to him. He will then forward it to the right folks in his organization.

Good Luck

**From:** Jawwad@avicena  
**To:** SM; Reema; Ashar  
**Sent:** Monday, March 19, 2001 9:00 PM  
**Subject:** Fw: Hello there...

I think this is as big as it gets. The one that we have all been waiting for. Outstanding job everyone.

Take care

# PEARSON EDUCATION & AVICENA LLC STRATEGIC INVESTMENT PROPOSAL<sup>38</sup>

Jawwad Farid, [jawwad@avicena.com](mailto:jawwad@avicena.com)  
Reema Rahman, [reema@avicena.com](mailto:reema@avicena.com)  
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March 25, 2001

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<sup>38</sup> *Included the proposal here to provide context for the discussion that happens between Dylan and me as well as the email exchange between us and Pearson contact.*

## **Preface**

We are a 15 month old, seven-person startup. In the past eight months, with just over a million dollars in capital and sweat equity, we:

- a. Defined a new corporate learning platform from our exposure and understanding of adult learning. The platform integrates processes, usage, application & content in one seamless environment
- b. Marketed and beta tested the need, the product and the fit between the two
- c. Developed, tested, positioned and launched the new corporate learning platform
- d. Defined & implemented digital course generation processes
- e. Tested the processes and created four full length (10 - 16 hours each) live courses (Corporate Finance, Ratio Analysis, Leverage, Breakeven & Credit Analysis)

How we accomplished this is the reason why we should talk.

## **Market Snapshot**

- ❖ The U.S. corporate training and development market's estimated size is \$62.5 billion. (Source: Training Magazine, October 1999)
- ❖ Corporate training – E-learning's fastest growing segment generated \$200 million in 1997 and is estimated to reach \$23 billion by 2005. (Source: International Data Corp and Red Herring, February 2001)
- ❖ Finance, banking and insurance sectors are the leading users of technology-based training with 16% to 17% of total training delivered by computers for each respective market. (Source: Training Magazine, October 1999)
- ❖ Financial services industry employs 7 million people with an estimated 1.5 million in the management cadre (Source: Bureau of Labor Statistics, Department of Labor)

## **Avicena LLC ('Avicena')**

Avicena is a knowledge accelerator that provides online (web based) learning solutions to the financial services industry ('FSI'). Our product is a set of tools, processes and methodologies that allows corporate customers to address specific knowledge, application and skill gaps under the domain of Finance (risk, pricing, underwriting, financial performance measurement & reporting).

### **Strategic fit**

For Pearson Education ('Pearson'), we bring:

1. A fresh and non-traditional perspective on content generation, applications and learning processes
2. A developed corporate learning platform with scalable off shore content & technology development facilities, related protocol and expertise
3. Growth and development of a maturing, explosive market which ties in with Pearson's focus on content, application and connections
4. Synergies, technologies & processes that strengthen Pearson's existing e-learning initiatives in FT Knowledge, NYIF, Learning Network & CCC.
5. Opportunities for cross-selling financial content from FT and related publishing units
6. A core and growing group of people driven by "everything-is-possible", startup, mindset

Pearson is an enviable partner for any firm in the education business. For Avicena, the non-cash value added of a strategic investment from Pearson translates into:

1. Instant credibility with corporate customers as a partner (or part) of the largest education company in the world
2. Access to a well established, powerful, global distribution network
3. Incorporation of existing assessment, diagnostics, testing and reporting expertise
4. Benefit from current editorial, presentation and communication processes

## Market need

Training is no longer an option. It is an essential ingredient in improving employee productivity as businesses struggle to improve their cost structure in a rapidly changing competitive environment. The economics of webbased training are compelling, leading to a decisive shift to technology as the preferred medium of training content and delivery.

The financial services sector is a highly process-oriented sector with the steepest learning curve for people working in back-office functions as well as those selling financial products at the front. This sector has the highest budgets per employee for on-the-job training. Given the current macro economic scenario, banks, insurance companies and related financial institutions are under tremendous pressure to improve their bottom-line and deploy scalable technology solutions to cut costs and improve employee productivity. The problem is that very few players in the e-learning space offer products that:

- ❖ Use focused, comprehensive, practical & relevant content
- ❖ Create an optimal adult learning environment
- ❖ Allow on-the-run (real time) customization, instantaneous fulfillment & close fit with organizational and individual learning objectives
- ❖ Solve the cost of content generation/acquisition problems
- ❖ Simplify pricing models and reduce cost of ownership
- ❖ Provide 24 x 7 x 365, anytime, anywhere, available on demand access

## **Avicena – the Company**

Avicena's edge is its learning environment and infrastructure. The emphasis is high quality, relevant & practical content in an environment that supports adult learning processes, customization technology, standardized rollouts, user & information interfaces, retention, and real time assessment.

Avicena competes on processes:

- ❖ Our process generates higher quality content quicker & faster in a scalable fashion. An important element of this advantage is our reliance on off shore resources for content generation and outsourced technology support.
- ❖ Courses are customizable by specific needs of students. Modules can be added, dropped and completely new courses tailor-made on the fly. Customers can select and build what they need using Avicena's knowledge base of financial concepts & its fulfillment engine.
- ❖ Course structure emphasizes learning, application, and retention. Interaction is adopted at each stage, (diagnostic assessment, retention exercises, case studies & feed back) for continuous evaluation and improvement of users and products.
- ❖ The content generation engine deploys teams of professionals (finance, education, technology) who together develop high quality content that transforms complex financial topics into simple practical concepts, emphasizing process, skill & applicability.
- ❖ Focus and pricing issues are resolved by concentrating energies on the financial services segment and finance professionals.

## **Customers**

Our target market is the corporate training segment for financial education. This includes retail, commercial, and investment banks, insurance and reinsurance companies, small and medium sized businesses and learning institutions. At present, our beta customers include Hudson River Inlays from New York and a number of individuals working within the financial services industry. Discussions with two re-insurance companies – Swiss Re and ERC Frankona, a mid-size California bank and two consulting organizations working with mid size banks are underway. In later business development stages, Avicena plans to scale up and offer its financial content, delivery technology & knowledge generation processes to academic institutions, distance learning firms and finance portals.

## Revenue sources

Content, technology and processes are priced on per course, per user, per year basis with multi-year contracts. Level of pricing is set depending on depth of course and number of users per customer.

## Investment

Funds sought:	5 million dollars
Valuation sought:	54 million dollars
Round	Series A
Timeline	May 2001
Next Round	9 million dollars (Series B)
Timeline	February 2002

## Application

Of the first round, \$2.3 million will be applied to startup and capital expenses. Expenses include computer hardware and software licenses, office space and office furnishing, and build up of Avicena's knowledge base, content consultant relationships, off shore resources and facilities. The remaining \$2.7 million will be used for recurring expenses that cover salaries, sales, marketing, recruiting, general and administrative expenses over the next twelve months. First stage financing will carry the firm from March 2001 to February 2002. We expect the firm to become cash flow positive thirty months after launch in the third quarter of 2003.

**From:** Jawwad@avicena  
**To:** PearsonContact  
**Cc:** SM; Reema; Denise Davies  
**Sent:** Monday, March 26, 2001 4:48 PM  
**Subject:** Avicena LLC

Dear PearsonContact

I have attached a four page investment proposal with this email. The proposal covers current status, strategic fit with Pearson Edu, markets, products, investment needs, applications, financial summary and people overview. A full business plan (50 pages), additional information, review of existing solution and future course and technology development plans are available on request. If it's possible, I would like to schedule a short phone conversation on what would be the best way to move with this. Please let me know when would be a good time to plan for that.

We did a fair amount of research on Pearson Edu and were very fortunate to get hold of the webcast coverage of Peter Jovanovich & Marjorie Scardino's presentations (Dave Smith and a number of other senior executives also spoke at the same session) at the Analyst conference in January 2001. Given Pearson's existing ventures, the content of the last two annual reports and the presentations at the Analyst conference, we are very comfortable with the strategic & marketing fit between Avicena and Pearson Edu. One of the key themes in Marjorie's comments was her emphasis on combining content with applications & customers and how Pearson has accepted that "content is not the only thing". We believe Avicena represents one such opportunity where applications, processes & content come together to create tremendous value for all stakeholders.

On a side note, we are in the process of building foundational material on the courses front. Once the foundations are complete, our next objective is to build application courses and follow that by advance professional courses. We are starting with courses with a mass market appeal (bottoms up approach) but the material will start getting technical after the first 20 - 30 courses are on the site.

If you have any additional questions or comments, please feel free to call or email me. I will look forward to your feedback.

Warm Regards  
Jawwad Farid  
Avicena LLC

**From:** Jawwad@avicena  
**To:** Dylan Steeg  
**Cc:** Reema; SM; Denise Davies  
**Sent:** Thursday, March 29, 2001 12:59 PM  
**Subject:** Re: Strategic Investment Proposal

Dylan

Thank you very much for the comments. All of us really appreciate the time you took out to review the proposal and in helping us out in refining the outline. Your support means a lot to me and I hope I would be able to return the favor some day (Inshah allah).

My comments are attached just after yours<sup>39</sup>

<sup>39</sup> *Dylan's email (that follows this footnote) and my response to his questions show that while in some areas we had thought things through, in others we were naïve and unprepared. The comments on the structure of financing, about growth projections and net worth show an MBA-ish reality dysfunction that would have killed most funding conversations in mid sentence. We were just as clueless on pricing because we had been so busy with building technology and content that we hadn't actually gotten around to asking customers if they would pay anything for what we had. The parts that we did get right were questions that had been asked before in conversations with counterparties who were evaluating us seriously. On good days we would get the answers wrong the first time, kick ourselves, and try and get our act together before the next potential investor showed up. On bad days we did appalling impressions of clueless kids in a sandbox and blew conversations before they even started. The only way to beat the odds was to have as many customer-facing exchanges as possible in the hope that when the guy with the checkbook finally showed up, you had all the right answers practiced and ready.*

---

**From:** Dylan Steeg  
**To:** jawwad@avicena.com  
**Sent:** Wednesday, March 28, 2001 10:44 PM  
**Subject:** Re: Strategic Investment Proposal

Jawwad,

I really like the proposal. It gives a good overview of the history, the market, why you want to speak with Pearson, and the financial structure of the deal.

My humble inputs:

1) Page 2, I'd change "why we should talk" to "why we believe we should discuss strategic opportunities". The former statement brought images of someone bubble gum chewing with mouth open to me. Dunno.

**[JAF Comments]** Reema was actually quite upset with me on sending the proposal out with "we should talk". We couldn't get closure on the sentence and we ended sending it out just as it is at 3a.m. in the morning. But your suggestion is exactly the wording we were looking for

2) Page 2, under strategic fit, # 4 and 5. Are FT, NYIF, and CCC standard terms or do they need to be defined? I don't know them. Dunno if Pearson will.

**[JAF Comments]** In Pearson's case the acronyms stand for Financial Times, New York Institute of Finance and Curriculum Communication Corp (FT, NYIF and CCC are standard references used on Pearson's site and in their annual report for these three ventures)

3) #6, I'd add a sentence listing the tangible skills of the core and growing group: finance, stats, insurance, IT, programming, tech development management to list a few.

**[JAF Comments]** Will work on this.

4) Page 3, I really like the statement "This sector has the highest budget per employee for on-the-job training". I might think about underlining and or italicizing. It made me think that you had your market segmentation DOWN solid!

**[JAF Comments]** Thank you.

5) Page 4: financial structure: are you issuing Series A preferred, common, warrants, and if the latter, warrants on preferred or common? How many shares to issue total? Start thinking about putting the cap table together. They'll want to see who else has their money in the ring. Also make sure that the asset purchase agreement and investor rights agreement is developed by YOUR attorney. Do not take the boiler plate of the investor. First to bring documents sets the Iyengar anchor. This is big.

**[JAF Comments]** Series A common. Between 8 - 15% of the business. Prefer not to do debt, convertible structures or options. Do you have any comments on how to handle this issue. On the legal side, planning to work with Paul Hastings rep firm in Orange County on the law side. Had an initial meeting with them just before I left and they are interested. We still

have to approve the engagement structure they suggested

6) The financial forecasts incorporate huge growth: ~ 500% in 2001 and 2002, 150% thereafter. Just make sure you can justify. E.g., that's the same growth as the market as a whole, or we will grow faster than the market because of reasons X, Y, and Z.

**[JAF Comments]** Couple of reasons. Big growth spurt within the market itself not just within Avicena. The growth is a little skewed because of the initial jumps but by the time we hit 2006 - 2005 we would probably be looking at 10 - 15% for the next 7 - 10 years and then stabilize around 600 - 750 Million in annual revenues and maybe 3% - 6% per year

7) How do you define net worth? Retained earnings or contributed capital? I'm assuming the latter since you have negative earnings right now

**[JAF Comments]** Asset - Liabilities. Assets are directly linked to the value of systems, processes and content. Facilities, infrastructure obviously contributes, but as we grow older bulk of the asset side is intellectual property. It is primarily a lot of CAPEX going in as equity (contributed capital for the first three years), added on by the big difference of content generation costs and the value of the content generated (Fixed asset additions - depreciation - capex).

Nice job brother. Keep me posted

**From:** Jawwad@avicena  
**To:** SM; AlephList; AvicenaList; BoardOfDirectors; Friends;  
**Sent:** Friday, March 30, 2001 10:23 AM  
**Subject:** Funding Update

Ladies & Gents

We started the week with the Pearson Proposal plc. Thank's to Reema's unbelievable speed in doing research, coming up with pitch and putting a package together, strategic investment proposals have now been submitted to

1. Reuters Greenhouse ventures
2. McGraw Hill Ventures
3. Kaplan Ventures (subsidiary of Washington Post)
4. Reed Elsevier
5. Oracle

Tomorrow is follow up day. The conference call with Chescor went reasonably well. For all practical purposes they now have all the information they need and the decision now lies with Moez. Keep your fingers crossed.

Take care  
Jawwad

**From:** Danescu Adrian  
**To:** jawwad@avicena.com  
**Cc:** Kenny Charles  
**Sent:** Friday, April 06, 2001 5:10 PM  
**Subject:** Avicena Beta testing at MB

Jawwad,

First of all, I must apologize for the delay in responding to your note but due to staffing changes at MB as well as the conversion efforts we are going thru as I am writing this note, we were not ready to confirm our commitment to your recommendation on using Avicena for internal training.

As per Charlie's request, I am pleased to let you know that we are committed to use your product for internal training to start with in the credit area and, as we move forward, we would like to explore other opportunities.

Since I wasn't directly involved in any of your prior conversations, I would appreciate you letting me know the terms of the proposed use of your product at Manufacturers Bank. Upon reviewing the terms of the Agreement with the specific organizations and the Legal group, I would like to start the program ASAP.

Please be aware that probably I will not in a position to work with you and the Credit Division next week but I can at least make arrangements of reviewing the Agreement and setting up the meetings with the right senior managers in our organization.

The sooner you can put together the Agreement, the faster I can help you and your staff get things moving. As part of the Agreement, I would like information such as the duration of the Beta training program at no costs to MB, what would be your expectations from us, if any, how do you intend to set up the training program. You might also start creating the procedures to be used by our staff as they will be needed when they will commence the training.<sup>40</sup>

I am looking forward to hearing from you.

Sincerely,  
Adrian Danescu  
Manufacturers Bank SVP/CIO

<sup>40</sup> *With five years behind me, Adrian's email still breaks my heart. It came a few days before I shut the door on Avicena and nothing Sarwar, Denise, or Reema could do or say would make me open it again. We had been working with Adrian at the Sakura Bank subsidiary in Los Angeles for close to a year and he had tremendous respect for what we had achieved on the technology front. The MB beta contract a year earlier would have jacked up our valuation, given us feedback on friendly terms, and sealed the one funding offer we needed. A year later, it represented a commitment to spend money we didn't have, supporting a customer that would not generate revenues in the next quarter, using a team that no longer believed that they had a future.*

*Customers take time to make up their mind and return phone calls. You can not tie them to your schedule. Given a more mature pitch, a few more reference sites, and a bucketful of time, we would have signed a revenue deal. If not Reuters, then Yahoo; if not Yahoo, then Pearson; if not Pearson, then University of Phoenix. But we had shortchanged ourselves by starting this process when we were already broke and hurting. We also set ourselves up by expecting timely, positive, life-saving responses with some of our more qualified leads. Yes even though business development (biz dev) lives off optimism, the successful biz dev professional lives off zero expectations. What you don't expect will not disappoint you, what doesn't disappoint you will not kill you. Unfortunately for us it was death by a thousand no's.*

## Takeaway

- ❖ **Easier close:** It is easier to get a partner to sign up as a customer for a small contract than to start off the conversation with a strategic investment proposal. Given a choice between the two, go for the easier and simpler close
- ❖ **Omit needless words<sup>41</sup>:** If it is worth buying, worth selling or worth investing in, pitch it in less than one page. If it takes longer you don't know what you are doing
- ❖ **Stop selling:** Just like the decision to invest, the decision to purchase can also happen within a few seconds. When you know the sale has happened, shut up, stop selling and let the momentum carry you to the close
- ❖ **Learn to say no:** When you know you can't service a customer, wrap up and go home empty handed rather than take on work you will not be able to deliver on
- ❖ **Sales Cycle revisited:** Remember and respect the sales cycle. You must provide for enough time and capital for the cycle to run a few iterations. If in a new venture you have neither (time nor capital) save yourself the heartache, close shop and go home
- ❖ **On preparation:** Whether you are having a sales conversation or an investor pitch you must walk through your presentation, expected questions and your answers to the same till you sound coherent and professional

Part of this practice happens within your own room, but for it to be effective it needs to happen across partners, customers and investors conference tables. The more you talk with professionals, who may not have an incentive to listen to you, the better your act will become

One reason why small wins are better is because they allow you to refine your act. Even if you blow a sales conversation what you leave on the table is of small consequence. With a small customer, sometimes, that too can be recovered because small customers are more forgiving than others

<sup>41</sup> Elements of Style, William Strunk Jr and E.B. White, Longman, January 2000

# THE END

Surprisingly enough, when the end came, it wasn't that bad. It wasn't pleasant and it wasn't easy but it wasn't the nightmare I expected it to be. One by one, all of the reasons for Avicena's continued existence ceased to exist; leaving me bare in front of reasons why we shouldn't: Competition with forty million dollars and a few years under their belt, overdrawn bank balances and credit cards, Aleph on its own death bed, a funding strategy that had inconveniently expired without naming a suitable replacement, potential partners who couldn't sit down and chat right now but would call at some unnamed date in the future, and the realization that even in California you could only ignore reality for so long.

But life as we knew it went on. To some extent, the fact that Fawzia was still working and occasionally getting paid helped. Then our parents, siblings, and other relatives chipped in again to tide us over our rough patch.

I slowed down, started interviewing, picked up an interest in cooking and swimming, and started walking to Amin's day care on Sunflower to pick him up every evening. For the first time since we moved to California, every Sunday Fawzia and I took Amin to the play area on Laguna Beach, a short drive away. When we felt rich, we would order food from Darya or Jamila's Kitchen and grab a movie at the Cineplex off South Coast Plaza. We even took time off and drove to San Francisco via Route One.

As long as you didn't look back too often it didn't hurt. I had cleaned up my room and consigned all Avicena-related material to the darkest corner of my closet. With some effort, I became much more focused on getting a job, the economy, and interviews. From one day to the next, I lived between prospecting leads, interview prep, and conference calls. Between the network at school, the effort devoted to the job hunt, and the credentials I had picked up, it took three months before the offer from Shane came along.

It was still too soon for me to get down and figure out how much we had lost or if there was anything that could be salvaged. Aleph had taken over the venture in the hope that they could carry on, but with hindsight, it would have been better if we had just picked up a few storage boxes and fire-saled everything we had. Given a choice over lingering good-byes or sudden death, pick the latter anytime.

**From:** Jawwad@avicena  
**To:** Joe Rooney  
**Sent:** Saturday, April 07, 2001 3:31 AM  
**Subject:** Re: Update from NYC

Hey Joe....

It was great seeing your name on the alumni list with the new 42nd street project and really happy to hear from you about how it's turning out.

Things have gone quite well but there is still no money in the bank. Both I and the bank are getting quite used to the fact. I think we have accomplished a lot in such a short time with such limited resources but have not been very successful in getting investors on board.

My cutoff date to start looking at other options was day before yesterday<sup>42</sup> and I am now on the market again. Talking to a few firms here and there and there may be a chance that my warm California days maybe coming to an end.

How is the rest of the gang? Are you in touch with Liz and our friend Ken (Craddock) at school? Say hi to both the next time you see them.

Take care  
Old Friend Jawwad

<sup>42</sup> *At what point did I decide to walk away from Avicena? There is no easy or short way to answer this question – that too within a footnote. Hence the reason to write Book Two as well as the hindsight and conclusion sections where I promise to revisit this question.*

**From:** Jawwad@avicena  
**To:** Paul J Kim  
**Sent:** Monday, May 21, 2001 5:34 PM  
**Subject:** Re: Update from LA LA Land

Hey Paul...

Every now and then I wonder what you are up to and it's a great way to begin a day with an email like yours. I finally decided to give up on the yellow brick road to startup land. Couple of things happened at once. The incubator went down in a big way as their business dried up, we went looking for money too late and as a result didn't get any. After operating without cash for the close to 4 months, I finally opted to do something less stressful with my life.

The job market is pretty tight. I have had a few interviews but nothing substantial as yet. Waiting it out and spending a lot of time on monster.com. In the mean time I have gone back to my day trading days. It gives me something to do and pays the rent.

Fawzia and Amin are doing very well. One beneficial side effect of the above decision is that now I get to spend a lot of time with them. First time in the past two years we are finally getting good quality time on weekends. Both of us started Dr. Atkin's protein diet to shed our second skin of fat day before and are still in the Carbohydrate withdrawal cycle. Expect things to improve in the next few days.

It was really great to hear from you. Do stay in touch.

Take care

Jawwad

**From:** Jawwad@avicena  
**Sent:** Sunday, September 23, 2001 5:52 PM  
**To:** Jawwad@avicena  
**Subject:** Update from LA LA Land...

Just thought I would send out a short and sweet note to all of my friends & family about the latest in my life. It's been some time since I got round to sending one of these out. For those of you who don't know as yet, Avicena, the e-education venture was claimed by the downturn in late May. It was a labor of love for all the team members and made it very difficult to step away. There are a thousand ways to leave your lover, but the sages are silent when it comes to bringing down the shutter. But step away I did. The two pieces of advice that did help tremendously were the words of Andersen partners I used to work for "Never make mistakes alone" and "Charge it to the experience account". I was fortunate to have the unconditional support of my family, friends as well as people who are close enough to be both.

The past three months have been nothing short of amazing. When I started, there were a number of outstanding "to do's" in my life including losing 30 pounds of excess weight, learning how to drive a car and getting a drivers license, completing my Fellowship requirements for the Society of Actuaries, getting a job with a regular paycheck, balancing, work, family and health and taking out an uninterrupted chunk of time for Amin and Fawzia.

By the grace of God (and His generosity and benevolence), three months later, my personal to do list is now a lot smaller. We also got a couple of bonus items along the way like driving twice on Route 1 to San Francisco, relocating to Northern Virginia (right next to DC & Dulles Airport), finding a position that allowed me to be an Actuary, an MBA and a computer scientist (all) at the same time, earning the rights to the three letters (FSA, Fellow Society of Actuaries), getting a really cool apartment in a really cool neighborhood.

I still have another 15lbs to go on the weight front, but whatever little progress I have made on that front will do for now. On the work front, it's been a week and I have finally managed to get my old address book installed on my new machine...

Hence the mass email (my apologies, will write to all of you individually over the next few weeks).

In case you are wondering, work so far is very good. AnnuityNet sells technology platforms for managing, servicing and selling financial services products for financial institutions (www.annuitynet.com<sup>43</sup> for more details). I am working with One Mathematical Genius (ex Chaos Theory Professor) One extremely well respected Actuary (Three companies, 1 IPO and a handful of millionaires to his credit) A really laid back, well oiled, ultra competent technology team.

A converted 200 hundred year old barn right next to a converted bike/jogging trail that goes all the way to DC, next to a well stocked kitchen and vending machine that everyday threatens to put the 15lbs back. That is all for now. It will be really good to hear from you again so send me a line or two (or more - definitely more).

Take care  
Jawwad

<sup>43</sup> *Coming immediately after Avicena, AnnuityNet provided a great opportunity to appreciate all the things we had gotten wrong and AnnuityNet had gotten right. From funding to technology, from hiring to service level agreement, from business development to closing deals, Shane and his team provided a frame of reference that put the mistakes we had made in even sharper contrast.*

## Takeaway

- ❖ **Endurance:** Your endurance is a balance between the depth of your personal check book and the intensity of your belief in what you are doing. In plain English, either have more capital than you would ever need or enroll in Zealots 101. Ideally do both

I survived because I had my family with me. When every one else walks out on you (or you walk out on every one else) they are the ones who will carry you through, irrespective of how mean, rude and arrogant you have been. So be nice to them

- ❖ **Timeout:** Take timeout to recover physically and psychologically. Don't ponder too much on why me or what you could have possibly done to save your business. Focus on how you would do things differently next time

There is no space for regrets or missed opportunities on this page. Failure is a badge of courage, acknowledge it, and wear it with pride

- ❖ **Taxes:** Sort out your tax related paperwork and save your receipts. This is where forming a Limited Liability Company (LLC) helps since it allows you to distribute losses to your members, as part of your yearly distribution, not just on winding up

If you have had other sources of income or start receiving a fat paycheck in the year of your failure or after, the tax break will help

- ❖ **California LLC:** A California LLC in 2000 came with a minimum tax of 800 dollars a year even if you did no business in that year. It didn't sound like much at the time of incorporation but when you are broke and over leveraged, every additional dollar hurts like a root canal

- ❖ **Be nice to people on your way up. Be prepared to see your backup options disappear:** My two six figure job offers (Viant and the one in Florida) disappeared by the time I was done with Avicena. Markets and economic conditions change and this change is part of your bet

The first post Avicena job interview happened within two days of my initial "I am on the market" mail shot. The source of that interview was a classmate from Columbia

I was lucky that in a down economy I averaged an interview every fortnight and that strangers, who had no reason to be nice to me, were generous and supportive with leads, references and ideas. An insurance broker I had never met pointed me to a firm of consulting actuaries in San Diego, who pointed me to another eminent actuary, who came back with four references, one of which led to Mark Abraham at Transamerica who suggested that I have a word with Shane. It was the actuarial network mixed with acts of random kindness and patience that traced the path from Orange County, southern California to a two hundred year old converted barn in Leesburg, northern Virginia

❖ **Did the Entrepreneurship experience help?** No, Shane and the first interview were the only exceptions

I was trying to transition back into smaller roles at a larger firm and taking crazy bets with your career and your life are not the ideal recruiting strategy in those quarters

As with business, a laser sharp focus in a job search also delivers. It is a question of time, practice, patience and luck



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5

# BOOK TWO - THE BLUE SCREEN OF DEATH

# THE BLUE SCREEN OF DEATH

In the beginning, there was Microsoft Windows. For some one coming from the dark ages of character based DOS, this was new age stuff. Freedom from the uni-dimensional blinking cursor. A portable thumb sized MP3 player with digital quality sound in the age of the gramophone<sup>44</sup>. But like most new age stuff introduced across human history, it wasn't perfect. There were kinks, bizarre black holes; obtuse blue screens that announced your system had become unstable.

With a technology that was less than a decade old, on a platform that was even younger, using a just released operating system, the blue screen caused sheer panic. What should I do? Douse my computer with water for it may burst into flames any minute? Call the techno geek's equivalent of 911? The three finger salute – press CTRL-ALT-DELETE? and voila; an instant reboot. And when that didn't work, you did what you did with everything else in life; pull the plug out and plug it in again.

In the first few editions of Windows, the blue screens were as common as Windows was rare. At times all it took was a single key stroke on an already stretched computer to invoke the wrath of the blue screen. Like bad food, untested software and low quality pirated copies would produce blue screens with the severity of anaphylactic<sup>45</sup> shock.

As the personal computer, subcomponents, software and Windows itself improved, blue screens started becoming rarer. My IBM Thinkpad and Windows XP combo today throws up a blue screen once in a year. And that too when I do something at the hardware level that I am not supposed to. It took a decade and a half after Windows original launch for this universal icon of electronic instability to be hunted down into extinction. What is the relevance to entrepreneurship? You may ask. One word – **Reboot** .

The concept that you can flex three fingers (or one, as I have done at times) at a specific instance of your life and restart with what is left and salvageable a few seconds (or years) later.

Just like the initial version of Windows, for first time entrepreneurs, blue screens are expected. With each iteration they become rarer. Till you get to a stage where you are

endowed with the “touch”. You become the entrepreneurial Sufi<sup>46</sup> – turning every thing you bless, with your presence, into gold.

## HINDSIGHT

How did an MBA from Columbia Business School, an actuary with a decade of international consulting experience, and a top-notch computer science graduate end up like this<sup>47</sup>? Bad karma? Greed? Destiny? Stupidity? Fate? Arrogance? Quantum physics<sup>48</sup>? All of the above?

In my religion, predestination is accepted wisdom, so fate would be an easy way out. It is like taking the fifth. I was destined to fail, so I failed. On a metaphysical level, maybe; but in a more down-to-earth dimension, predestination doesn't answer questions you ask yourself years later at midnight when you are writing the closing chapter of a book that has been your constant bedside companion.

It is not that finding answers changes anything; it's just that faulting destiny doesn't really give me the closure I have been looking for.

When I first started thinking about writing this book, I had a list of questions I did want to answer. They were:

- a. Why did Avicenna fail?
- b. When did I decide it was time to walk away into the sunset?
- c. How did I know it was really over?
- d. Was it worth it?
- e. Would I do it again?

The funny thing is that even after writing 140 odd pages, I have still managed to evade the core questions. I have put together fragments of a fable, with the real story still untold. And from the looks of the last read, closure still appears to be a few drafts away. Freudian slip? Perhaps.

Let's take a final shot at answering the midnight questions and try to finally put this adventure to rest.

Second question first. It was more like sunrise since we were moving back east to Virginia. For me the real turning point came when I sort of drowned in the pool (yes the same one I waxed poetically about earlier). This was early February 2001, just after the trips to Karachi and Dubai, the call from Yahoo, and the eviction notices. After I dragged myself out of the pool, kissed its tiled edges, thanked God for saving my life, what were my first thoughts? They were "What if I hadn't made it out?" followed immediately by "What would be my legacy to my family?" Forty thousand dollars in credit card debt, a hundred and twenty thousand dollars in personal loans, and a half-broken startup to pay it all off with!

With spring's arrival, funding leads that we thought would carry us through the next stage in our business plan fell through; the model we had built the company on relied on funding. We had sold ourselves so heavily on other people's money that without it, it didn't seem rational to go on. The mind shift required to look at alternatives without funding also implied that it would hurt just as badly for a few more months, maybe even a year, before the current crisis would bottom out.

When all you cared about was a quick way to end the pain, this was not welcome news or an acceptable alternative. I had already crossed my threshold for debt and in the absence of cash or revenues in the near future, adding more debt would have been one more step closer to personal bankruptcy. I wasn't willing to run that far for my hundred-million-dollar dreams.

Aleph was in deep trouble and couldn't support us. Without them, California was no longer the Promised Land, just a very expensive, unreal oasis between a dry desert and a salty ocean that had caught me short on health insurance, supplies, and cash. You couldn't pay Consolidated Edison with sunshine dollars. It was time to blink.

How did I know it was really over? Arno dropped by for an evening to check us out. He took a short detour from a telecommunication<sup>49</sup> industry event CSFB was hosting in the neighborhood. Between long chats, food, cigarette smoke, and a hazy evening on our balcony, he offered to invest whatever little he had if it would help us make it through the summer.

I slept on the offer for two nights, once again spoke with Kamar and Ken, and then turned it down. I didn't want yet another friend's blood on my shirt. There was already enough on me as it was. If I wasn't willing to take Arno's money, why was it okay to carry on borrowing money on my name? Why was I still throwing it on something I had stopped believing in? Side by side with predestination comes faith. Lose it and you lose it all.

For Sarwar it simply didn't compute. On our last drive together, heading back from Dana Point, he kept questioning how someone with such a strong belief in his religion could have so little faith in himself. The debate about dogma, practice, hypocrisy, and belief systems raged on. I hadn't just lost faith in myself or Sarwar, I had reached a crossroad where it was obvious that this was no longer destiny at work. I could ignore the signs and carry on blindly or I could turn around and figure out where the nearest exit was and start over again.

*<sup>44</sup> Well Windows 1.0 wasn't really that good, but you get the picture*

*<sup>45</sup> Fancy medical name for allergic reactions.*

*<sup>46</sup> See <http://en.wikipedia.org/wiki/Sufi>*

*<sup>47</sup> Couldn't you just get a halfway decent job and not be an entrepreneur? Weren't the six figure offers good enough for you? And since we are on the subject, who exactly was your career counselor?*

*<sup>48</sup> Just checking to see if you are still paying attention.*

*<sup>49</sup> A catch all category for mama bell, baby bells, wireless, broadband, infrastructure and technology companies dedicated to transporting the spoken word from one end of the globe to the other.*

## WAS IT WORTH IT?

Yes. Nothing really goes to waste. What we learned about the online training and education market three years later was to put to work with instructor led interactive training at Alchemy. The fact that I was brave (or dumb) enough to take on a faltering economy as an entrepreneur led to the offer from Shane at AnnuityNet ([www.annuitynet.com](http://www.annuitynet.com)). Managing my expectations and of those around me became the strongest pillar of my personal credo, side by side with a list of other lessons<sup>50</sup>, taught by Avicena but put to work at Alchemy.

This of course doesn't change the fact that in April 2001, when all of this was actually happening, I was heartbroken, miserable and inconsolable. Something that I had loved and cared for had died and I didn't have the strength to mourn for it.

With this context, given the choice between accepting a six-figure offer from Viant and doing Avicena all over again, what would I choose? You would be surprised.

Would I do it again? In a heartbeat, yes. Why? Perhaps someone like Sarwar will come along and dare me again. Perhaps I won't need a dare and would take the plunge all by myself. Perhaps, like my other varied vices, fate itself will tempt me to sin one more time.

The many perhaps aside, at heart I am a builder and making companies is what I am wired to do best. The reasoning and the logic doesn't matter, what matters is that given enough lives, enough time, a little cash, and a lot of heart, most entrepreneurs finally manage to figure it out. The ones who make it are the ones who keep trying until they do.

So yes, once I have had a chance to catch my breath, store up on reserves, repay some of my debts, and convince Fawzia to tag along for one more ride, I am destined to do this again.

Because on a personal level, for an entrepreneur the only world worth living in is the one crafted with his bare hands; everything else is a cheap imitation and a painful reminder of how vainly he has shortchanged himself.

<sup>50</sup> *Startup Roulette: Ten Myths That Kill, Jawwad Farid, unpublished paper*

# WHY DID I HAVE TO BLINK OR WHY DID WE FAIL?

(Asked with an emphasis on “have to,” not “I.”) Is there a checklist that you can follow that will help you avoid my fate? Sidestep failure? Another book, another time?

I would make a lousy novelist—let me give away the climax again. There is no real checklist. Each of us will walk a different path and my maps, legends, and convictions would be worthless on yours.

Still, midnight has been a great companion and over creaking beds and sleepless pillows I have thought of things that I would do differently. Not with regrets or a desire to head back in time and save my bleeding business; more in the hope that my next start out of my blocks<sup>51</sup> would be a classier act than the ones I have left behind.

Here is a little more detail on my list of crucial problems, the myths that sunk Avicena.

## 1. The Funding Mindset – Capital And Partners

The fundamental mistake that sunk Avicena was the mindset that the only way to succeed and compete in this business was to get venture capital funding and that getting funding would be easy.

This mindset was reinforced by the easy money available circa early 2000. The Eugene Lang Fund at Columbia Business School offered a grant of US\$ 10,000 to test product ideas as part of the greenhouse incubator course. This would be followed by as much as an additional US\$ 250,000 investment if your venture made the final cut.

Within two months of landing in southern California, on the basis of the business plan, the credentials of the team we had put together, and the support of our earlier referees, we received an indicative offer valued between US\$ 2–3 million for 30% of the firm. Aleph and Sarwar had agreed to stand behind a commitment we priced at US\$ 250,000 over two years and the market valued at four to five times that amount<sup>52</sup>.

With an MBA and a decent business plan, the only socially acceptable way to do this was to sell the plan, get funding, build the business, aim for exit, and depart with your conventional 8% as the ex-CEO. The first time a venture capital associate suggested this, we had a verbal fist fight, but it didn't take me long to come around to his point of view. What did we do? Our first reaction was that we were sitting on something large and substantial and we should only share in this bounty with others if we could get a really

great price and retain a majority stake for ourselves. The only way to keep a larger slice and get a better valuation was to delay funding to a stage where we had customers, revenues, maybe profitability, cash in the bank, a few term sheets in our hands, and lots of VC phone calls to return. That was the general idea.

The resulting focus then from day one was on funding. Update the business plan so that we could get funding; write a better executive summary so that we could get funding; build technology so that we could get funding; attract customers so that we could get funding; hire talent so that we could get funding; generate revenues so that we could get funding. “Get funding” took on a life and mind of its own and became the primary driver, motivation, and *raison d’être*.

Once we had achieved this nearly impossible goal, only then would we be able to take a breather and figure out how to build the planned business with our new cash.

How did the “Get funding” model work? The fundamental component in the get funding piece was the business plan and the executive summary. You lived, fought, died, and survived by the plan. In Avicena’s lifetime, we wrote and updated 56 editions of the plan based on commentary and feedback from investors who had read it. Over two years, that amounted to a new edition every two weeks. There came a time when our four-man team would only work on the business plan and nothing else at all prior to submission of a revised edition to a promising funding or strategic investment lead.

Half of the year before the move to California was dedicated to building a better business plan. The first few months in California were spent revising the plan in-line with feedback received from angel investors and board members. The last few months spent in a frantic search for money were allocated almost completely to updating, editing, and modifying executive summaries, strategic investment proposals, and the business plan.

When I look back at the effort now, I wonder if it was nothing more than a great big waste. If the same effort and intensity had gone into business development discussions, pursuing marketing leads, or more productive revenue-generating activities, Avicena may have been looked back on with kinder eyes.

If it was any consolation, most MBAesque<sup>53</sup> plans, startups, and founders were driven by the get-funding model above: Build the set, hire the actors, create the stage, and in the process burn your own, your friends’, and your family’s nest eggs and any other easy money or credit that you can get your hands on. If you put up a good enough show with the right combination of colors and fire, someone may actually underwrite the real money needed to turn the theatrical and make-believe attempt into a real-life production.

Hopefully this angel would arrive just before you ran out of cash and just after your post-launch party. Once the plan had been underwritten by one investor, expectation was that a bunch of them would follow through over the next few years since no one would wish to be left behind if your production actually became the hit of the season.

Unfortunately, that is not how you build businesses or sustainable franchises. Businesses are built from the ground up with resolve, commitment, and values to and for the business—not with funding. The biggest downside was that the minute you figured out funding was not likely, the game was over.

Your business was to get funding; with no funding there was no business. Sometimes even if you were fortunate enough to receive funding, the quest had consumed so much of you that there was nothing left to give the franchise you had wanted to build.

When Chescore, Himalaya, and Hiteck passed and Pearson indicated that it would be a while before it would get back, there was no reason to carry on. We had failed to get funding and the game was over.

**Moral of the story: Build a business first.**

If you do a fine job, funding will find you. You are better off not looking for it from day one.

<sup>51</sup> *As in athletics*

<sup>52</sup> *Our internal pricing reflected Aleph's cost structure out of Pakistan. The market priced our deal in terms of replacement cost onsite in California*

<sup>53</sup> *As in traceable to some one with a freshly minted MBA*

## Lessons Learned:

If you know what you are doing and know how much capital you need, don't move forward until you get it. If you can't get it, drop the idea. If smart money will not fund you, there is a reason. Either the investors have already seen the model before (somebody is already in your space; the investors have invested in something similar and have lost money or prestige; they have looked at the dynamics and they don't add up to a reasonable payoff in a reasonable time) or you are lacking what it will take to execute it. Sure, network and references play a role but ultimately a venture destined for profitability will find funding one way or another.

If venture capital won't fund it, customers will; if customers won't, your friendly neighborhood banker will. Interestingly enough, it may be counterintuitive, but finding funding is no guarantee of success.

For most entrepreneurs, capital is the initial or ongoing infusion of cash and is generally equal to equity. That is not always the case. Debt convertible into equity, straight debt, personal or family savings, profit reinvested in the business, deferred payments to employees and vendors, and customer down payments on work in progress are all sources of cash.

The last four sources are internal, relatively easier to generate and control compared to external sources, and have no strings attached. In the last 15 years they have been the most reliable and dependable sources of cash I have used or seen used. External sources have information and credibility problems attached which are difficult to address for first-time or fresh entrepreneurs. When they do attempt to solve these problems, the resulting effort and distraction is fatal for the business. A four-man team of fresh entrepreneurs with limited credentials focusing on signing customers will generate cash flows faster than the same team working on pitching business plans or loan applications to formal sources of capital. (Here formal sources include lenders, angel investors, venture capital funds, incubators, and similar institutions.) When fortunate enough to receive a financing term sheet, entrepreneurs generally misunderstand what the term sheet and the concept of equity represent.

Equity only has value if the venture is alive and solvent. As an entrepreneur, you need to solve a riddle maximizing two-dimensional equations. The first dimension is value to owner represented by percentage ownership, market value or fair value of your stake, and control; the second is probability of survival. To do well, you need to maximize the combined outcome of both dimensions. Most founders focus on one or the other but have difficulty tracking the interaction between the two. You can retain majority control and get no funding or you can get funding and ultimately relinquish control. Who you

relinquish control to and what value they bring to the table in addition to their cash has a direct impact on the probability of your survival as a business or its owner. Combine the two and you can have a small slice of a fairly substantial exit or a full pie of nothing. Capital pricing is driven by market conditions and your access to capital. In a lender/borrower, investor/entrepreneur relationship end game, whoever has the upper hand in access to capital, wins. (If I was a betting man, I will not bet on the entrepreneur.)

Capital, irrespective of its shape or form, is not free. With capital comes partners; with partners come questions of allocation of ownership and equity. The allocation occurs on the basis of contribution of implied capital—ideas, services, network, relationships, or cash. In failed ventures, implied capital is often not contributed: Ideas are held back, services are not delivered, networks are locked away, relationships disintegrate, or cash infusions come too late.

## 2. Business Development— Too Little, Too Late

How do you generate revenues? By selling to customers! How do you get customers? By making them aware of their needs and the solutions you provide to fulfill those needs.

Welcome to sales, marketing, and business development (“biz dev” for short). We could probably get a day-long lecture on the nuances and subtleties of these three terms from a marketing/biz dev guru, but for a second let’s assume that all three activities focus on generating revenues. The time frame when revenue generation actually occurs may differ, but the ultimate long-term result will be the same in all three cases.

At Avicena, biz dev happened in short and infrequent episodes with limited follow-up tied in with the amount of time I had left over with everything else happening at the firm. Our very first biz dev activity happened when I took the time to meet with the recently retired head of a big five accounting and consulting firm in April 2000 in New York, just before graduation. The leads that came out of that meeting translated into our first angel investor offer as well as the initial informal indication from the big five firm to represent us as our accountants.

Then nothing for four months as I went under with technology, hiring, operational, and content commitments. In August and September, I took the time to meet 40 potential customers in Tampa, New York, Boston, and Washington D.C. to gauge interest in our product as well as test possible pricing ranges before launch. Four very strong leads came out from this trip but I disappeared again for two months and didn’t follow through. In October 2000, we did the formal launch at an industry exhibition, received an acceptable response, did a lukewarm follow up, and then went blank again. In

January and February 2001, I did a whirlwind tour of Tokyo, Dubai, Karachi, and then Dubai again, meeting clients and investors. This tour was followed by two dedicated months of high-intensity business development legwork focusing on strategic investors and relationship partners. By the time the legwork started yielding results, we had shut down.

Somewhere in between, in a moment of temporary insanity, I also decided to hire two additional high-end biz dev resources so that my moments of blanking out could be rectified and we could recover some of the leads that we had lost by my inconsistent follow-up. Toward the very end, I realized that a biz dev resource is not a fire-and-forget missile. You can't hire them and leave them on their own. They work best in wire-guided mode when you direct and track the focus of their queries and evaluate their performance based on customer feedback and bottom-line improvement. Without the direction or the performance measurement, you might as well burn the cash you are paying them. The missing months it took us to finally accept this fact and take corrective action put a sizable dent in the incubator's limited resources.

**Moral of the story:** Do biz dev as soon as possible, do technology as late as possible, and, given a choice, never relinquish control of biz dev and cash-generating activities without an objective and consistent performance evaluation mechanism.

## Lessons Learned:

You may have a great product, but without paying customers you are out of cash and out of luck. Answer these questions first:

1. Who are you selling to?
2. Why will they buy it from you?
3. What's in it for them?
4. Who will sell it?
5. Can you sell it?
6. Do you know anyone who can be a ready customer today?
7. Do you know a customer who will fund this from day one and buy it when it's ready?

More questions to ponder before diving in: Can you find a paying customer who will part with hard cash to pay for what you have to offer? Who will find these customers for

you? Will he be able to sell your product? Will they buy it from him? Without answers to these questions, you don't have a shot at generating revenues or surviving.

Next question: Can you really outsource or truly delegate business development or for that matter any other crucial function?

When was the last time you were part of an organization that found the rainmaker who would save your soul, your startup, your investment, your clients, and bring some sense of sanity to your life? When was the last time such a rainmaker delivered on the promise of his arrival? In real life you can never divorce yourself from the drivers that have a direct impact on your immediate survival, your valuation or the growth of your business. Hold on to this thought until we get to the lessons on leadership and heroes.

### 3. My Love Affair With Technology – Technology As A Competitive Advantage

Techno geeks are born with a chip in their heads that forces them to worship technology and acquire trinkets irrespective of need or value addition. I should know since I have been buying techno toys for the last 20 years. Avicena was no different.

During the initial research phase, the techno toy was Java, XML, and JSP pages. Outstanding technical tools but a complete waste of time and resources since ASP from Microsoft<sup>54</sup> would have performed just as well with one-tenth the time, resources, and capital we spent on learning, working, picking up, debugging, and deploying Java. I was also on my anti-Microsoft binge and wanted to stay as far as possible from any standards sprouted by the firm in Redmond. In the next phase, Avicena's web and database server became the next toy. We had access to a shared T-1 and decided to put in a beast of a machine that we could show off to clients<sup>55</sup>. I tried picking one up on eBay but lost magnificently to a faster typist across the street. After two failed attempts at online austerity, I bought a loaded box with enough power to serve five Avicenas.

I could have gotten by just as well with spending one-fourth the amount. As if this bit of stupidity wasn't enough, I went out and upgraded the server to a dual processor and a gigabyte of RAM on an operating system (OS) that could only support a single processor<sup>56</sup>. Since we never got around to customer site visits, or upgraded the OS or grew to five times our original size, the additional investment sat there looking pristine and pretty.

Just before the end, the toy became corporate functionality that we didn't need, didn't

use, and didn't get around to rolling out on the production server. But we still went ahead and built it because we thought it addressed some of the questions likely to be raised by our corporate customers.

**Moral of the story: Where is the value addition of your tech investment?** If you can't measure it or answer the question, don't do it.

Ask yourself "How long will it take for what I am buying to pay for itself?" "Can I do it sooner and cheaper?" "Is there a cheaper, preferably no-cash alternate?" Why pay PacBell or PTCL \$250 to set up a commercial phone line and then \$70 dollars a month when you can do just as well (perhaps better) with a cell phone?

*<sup>54</sup> I know I will be shot, discredited, burned at a stake, and spurned for saying this since I did the same to Sarwar when he first suggested this. Sarwar as always, was right, I was wrong.*

*<sup>55</sup> What clients?*

*<sup>56</sup> That is the power of Intel's advertising. More is better even if you don't have the parts to do the more is better part.*

## Lessons Learned:

Few people understand how IT creates and delivers value. Very few have mastered the art of restraining technology projects to remain a static and achievable target versus the runaway train they normally become. To this mix add business and technology teams speaking in different languages, working from different sets of expectations, and not willing to bridge the gulf between them. Not understanding the technology factor leads to understating the commitment, the cost, the timelines, and the effort required to rein in the technology demon.

Who suffers from the impact? Deadlines, deliveries, customer perception, survival, and future prospects.

With this list of complex conditions, shouldn't technology investments earn economic rents<sup>57</sup> rather than just accounting profits? Shouldn't the difficulties in getting technology right represent a substantial barrier to entry?

I think not<sup>58</sup>. Yet businesses overemphasize the contribution technology makes in business or product success. Any time I see a business plan for a venture that uses technology or a technology-related factor as a crutch for a value driver or a competitive advantage, I know the management team has not done its homework and has taken the easy way out.

Technology is not a competitive advantage; intellectual property (IP) is. Technology is a facilitator, an accelerator, a requirement, but not a competitive advantage. Competitive advantage un-levels level playing fields. It is available to a small set of players and the restricted access represents the edge. Not everyone can build it, buy it, store it, steal it, use it, or license it.

Technology without IP, on the other hand, allows you to do all of the above (build, buy, store, steal, use, or license) and levels the playing field. It is an enabler. Without the latest technology you are certainly at a disadvantage, but with it you are only as good as most of your competitors. Not better, faster, or cheaper—just at par with the benchmark.

A competitive advantage breaks the benchmark. A sustainable competitive advantage ensures that it stays that way for the life of the advantage. Tariq<sup>59</sup>, the Pathan Greek god, master of the 800 meters and 1500 meters events, had a sustainable competitive advantage over me. No matter how much effort, time, money, or heart I threw at the difference, I could never make it up. Tariq had a gift; I didn't. The track and field training was an enabler. In a field of beginners, my training showed and I could outrun and outpace all of them; in a field of professionals, I could keep up with most of them; in an

event filled with talented and gifted runners like Tariq, I stood no chance. Technology is like that—track and field training in the 800 meters heat at Beijing, 2008. It will get you there; it won't help you win the race.

What happens when you misjudge the technology dimension? First, the assumption that technology is a competitive advantage leads to a mistaken belief that as long as you can build it, you will earn economic rents. Not true, because, once again, technology is not intellectual property. Even if it was, you could still miss out on the execution part. More is required to earn any rents, economic or otherwise, than just building.

<sup>57</sup> Accounting profits exclude the cost of capital before determining the profitability of a venture. Economic profits or rents are profits calculated after considering all costs, including the cost of capital. Economic rents (fancy economic term for profits) indicate the existence of a competitive advantage. Just because technology is difficult to get right or because everyone does technology badly does not imply that it bestows such advantages on its users.

<sup>58</sup> See "IT doesn't matter" (HBR May 2003, Carr, Nicholas) and "What is Strategy" (HBR, Porter, Michael). In the latter Porter argues that Operational Excellence (one form of which is technology execution) is no longer a competitive advantage. Carr updates the debate in his controversial piece and suggests that technology is now part of the infrastructure dimension, hence common, ubiquitous and no longer a competitive advantage

<sup>59</sup> See the reference to Tariq and my athletic past in the chapter "Why Failure?"

## 4. Confusion, Perfection And Direction – Evolutionary Product Development And “Solving The Wrong Problem” Problem

On a new venture timeline, the last thing you need is to be confused. We were not clear about what problem we were trying to solve or what our target market was. Was it content generation, technology, process outsourcing, continuing professional education, individual development needs, or corporate training programs? In the long run we wanted to solve all of these. In the short run we should have focused on one, developed a reasonable solution, hit revenue milestones, and then moved on to the next big problem.

In our infinite wisdom we jumped from one problem to the next in search of perfection, thinking that we couldn't talk to customers until we had an absolutely polished product that would blow them away. We jumped around from one milestone to the next, incorporating feedback, suggestions, ideas, and new concepts without monetizing the value of the work done on previous editions of problems that we had already solved.

### Lessons Learned:

Do markets accept imperfect products? Yes. The demand curve for highly inaccurate North Korean Scud missiles is a case in point. So is the market for badly written self-help books<sup>60</sup>, pills with unpleasant side effects, tread-separating tires, “Star Wars” prequels, and “Star Trek” sequels. Not bad products, just imperfect ones. There is a minimal acceptable feature set that customers are willing to work with. Failed ventures climb higher on the perfection curve than their successful peers, ignoring financially viable product development and rollout strategies that get to revenue generation more quickly<sup>61</sup>.

Is perfection necessarily a bad thing? It depends if it is evolutionary or not. Evolutionary perfection delivers a new generation of better products by building on the work done with earlier generations while those earlier generations continue to produce revenues. Each generation provides the seed capital that can be reinvested in improving the next release.

<sup>60</sup> *Such as the one you are holding in your hands right now*

<sup>61</sup> *No concrete academic evidence but see Dealing with Darwin, Geoffrey A. Moore, Penguin Group, 2005 as well as Block Busters, Gary S Lynn and Richard R. Reilly, Harper Business, 2002.*

The strategy works best when manufacturers of products can resell each new version to the same customers and charge close to full price for it. Software, laptops, cars, textbooks, flu remedies, new and improved diet pills—the strategy has worked for all of them. Non-evolutionary perfection introduces the same changes but skips in between releases. Which means that you isolate yourself for longer periods from your customers, throwing away an opportunity to use them as a bearing point. Case in point – hydrogen fuel cars versus hybrids – you tell me which one is a more successful product and why?

Evolutionary perfection has shorter release dates, higher revenues, more visibility, and fewer headaches. The features introduced in each release are a manageable set, the releases go more smoothly, and customers are happier with products that actually get on desks while there is still a need for them. Non-evolutionary perfection tries to do more with less and without exception fails, often repeatedly.

It would be simple if it stopped here, but it doesn't. Related to this debate is the perfection curve. The perfection curve plots degrees of perfection against effort and market acceptability. Each startup needs to make a choice that balances available capital, market dynamics, and its spot on the perfection curve. The decision is picking which rung of the perfection ladder will lead to most revenues first.

Here are the rungs of the ladder:

**The lemon** – A lemon requires minimal effort because the product does not work. Not acceptable to any customer. The only market is lemon sales with an aggressive sales team, but no sustainable business model. Customers ultimately get wise. This is not a sane or rational choice but the result of desperation. The justification runs something like this: “The sales cycle is long. By the time we have to deliver it, we would have fixed the problems” or “By the time they find out, we would have a solution and we will offer free upgrades.” The lemon is a last-resort, daredevil strategy used when a venture has nothing left to lose. Once you're branded as a lemon maker or a lemonade stand, the reputation tends to stick.

**The Band-Aid** – The product is functional, has minor packaging or quality assurance issues. If the lemon represents 30%–50% completion, the Band-Aid is closer to 80% done. It has to ship because the deadline is here. Band-Aids will normally work with genuine effort, hand-holding, and expectations management and a commitment to get the remaining 20% done before the client gets tired and starts looking for a different pair of hands to hold. In principle a Band-Aid is good enough to hold a sale or a deal. It won't if the hand-holding function is mismanaged.

**The move-in ready home** – The odd faucet that doesn't work, the patch on the walk-in closet that was overlooked, the hidden hole in the utility cabinet, the power outlet without power, the phone line that goes nowhere. Problems that you will find, in other words, if you live with the product long enough. If you look deep enough, you will also find that in 9 out of 10 cases, the product in question is a second- or third-generation edition that has had time to evolve and improve itself just like your new lived-in home that has been around the market a few times.

**The Lexus** – The minute you step inside a Lexus, you are in a different world. From finish to details, this is a beast well worth the price you have paid for it. The first thing you notice is the silence. Drive a lesser vehicle on the freeway and you will hear the wind rushing by, the grind of the tires, and the crunch of gravel. The Lexus is a sound-proof cabin from paradise. Real-time software or a product that has been in self-improvement mode for more generations than you can count. You see baby aspirin but do you see the 30 years of product history behind the 80 milligrams? There are two rules to remember when you set out to make a Lexus: You can't get it right on your first try and you can't build it on your own dime. The Lexus is a labor of love paid for by a crossed check signed by some one else.

## Opportunity Cost Of Perfection

What other features are needed to make your product perfect? The opportunity cost of perfection is the cost of that feature's addition if it delays the product launch. Ultimately, the incremental cost dictates what you build and what you ship.

You can choose the easy way out by agreeing to everything the customer has to say and then fighting it out internally by taking the "we-can't-go-wrong-by-doing-what-the-customer-says" defense. On the technical side, the decision is complicated by the need to consider the financial, business, and schedule impact of technical and feature perfection. The business side is not aware of all technical issues, and the technical side finds it difficult to accept the strategic nature of decisions that disrupt its schedule or impose impossible deadlines.

Who, how, or what defines the middle ground?

The Market. Of all the things that you would like to have in your offering, you need to decide on the balancing act that the market will accept—the middle ground that will get you to market ahead of competition and clear it in economic terms<sup>62</sup>. A market-visible, revenue-generating product is more important than a Lexus. Timing is more important

than features. Getting it out there is more important than perfection. Testing the merit of the idea on a small pilot is more important than an elaborate and expensive rollout.

Don't get me wrong. Try shipping a lemon and you are just as dead as you were with the Lexus. You aim for a solution that works somewhere between a Band-Aid and a move-in ready home; that doesn't break the bank; that buys you customers, cash, time, and money; and that allows you to tuck away a handful of small wins that can be cashed later when you need them.

## 5. The Wisdom Of Borrowed Time, Distractions, And Short Cuts – Why Diversification Is A Four-letter Word

You are living on borrowed time. Each day that you don't generate cash is a day closer to the end.

The new-venture lifestyle burns you out personally and financially faster than any professional route known to mankind. The hours are longer, the stress higher, the baggage heavier, the money rarely enough. Then the sacrifices start calling. Initially the suffering is novel and noble, but as it extends and begins to touch your family on a daily basis, you start questioning the wisdom of your choice. Within a few months or so, without a stable support system, ordinary mortals break the door down and walk out. With a stable support system or with inhuman zeal, you might last a few months longer.

If you know that all you have are a few months, what is your best survival strategy? Get to the end game faster. Is getting to the end game the same as generating cash through any means possible? Can you adopt someone else's end game as yours? Can you reach the end game with one big hit rather than hundreds of small ones? The answer to all three questions is no.

When we (Aleph and Avicena's team) started speaking with Sakura Mitsui, the apparent end game was obvious. Close the Sakura contract on the Aleph platform, get your cut from the deal, and with that money in the bank come back and pick up Avicena where you had left it. Who knows, Sakura may even throw a training contract our way, we used to joke.

<sup>62</sup> *There is no inventory left. Buyers equal sellers.*

Given the intensity of the conversation, Avicena had to be put on hold. But the blame doesn't lie with Sakura or Aleph. It lay with me. Even before Sakura Mitsui showed up on the scene, opportunity to earn ready cash through freelance consulting or day trading would take priority over core Avicena tasks because cash generation was key. Sell 10 days here, 10 days there and you buy yourself one more month of payroll and bills.

What this meant was that the already-limited borrowed time was reduced by unrelated activities whose only contribution was to postpone the end game. The end game is simple –get to revenues with your venture, not with freelance consulting or day trading and certainly not on someone else's project. When the end comes, you must be able to stand up on your own. If you are not willing to give a hundred percent to the venture, you should not be doing this at all.

**Moral of the story:** Make money with what you are trying to do, not with something else. Focus on what you started doing and not distractions that come your way. Don't try to go after the big game until you are suitably armed and dangerous.

## Lessons Learned:

Should you really care about what brings revenues into the company? Why is diversification a four-letter word? Because diversification comes in many distracting forms – none of which add any value and all of which solve a short term logistical problem called cash flow. From owners doing freelance consulting on the side to pay bills, to vendors getting into ancillary services to close contracts, new ventures get into areas that take them farther from the path they were expected to follow. As Geoffrey Moore<sup>63</sup> puts it, to succeed you must first understand the difference between core and context and then focus on the core.

Models that work are those that start with products and stay on track until they hit sustainable growth. Product > Revenue > Profits > Growth > Sustainable Growth. When diversification is used to generate revenues earlier, the model distorts to Revenue > Growth > Product > Profits > Sustainable Growth or other variations that push the product further down the road. The game is not just about revenues. It is about succeeding in the line of business you have chosen and making a viable venture out of it. To do that you have to get to Product and Profitability before you run out of capital. Diversification leads you away from that mission.

<sup>63</sup> *Crossing the Chasm*, Geoffrey A. Moore, Harper Business, 2002

## 6. Hitting It Big – The Paradox Of Large Customers

Is there any correlation between targeting large customers, executing large orders, and new venture failure? I believe so. New ventures, with rare exception, lack the depth to handle large assignments and contracts. Without sufficient depth, new ventures make bad short-term calls on pricing, delivery terms, hiring, concessions, and service-level agreements that put them on track for eventual failure.

It's about evolution. Success is built on a collection of small wins, not big hits. Small wins allow you to build credibility, refine your product, test and fix your processes in safe mode. A large customer base with smaller orders provides validation for your business case and the base from which you can grow higher.

Although the numbers look good on paper, big projects challenge and stretch every dimension in a startup—resources, processes, stamina, depth, execution, and capacity. When you are done, stretch marks and bloating are not the only side effects.

Big deals also imply doing business with a large organization, and large organizations like certainty and permanence and dislike mistakes. They may favor earth-shattering technologies but they also prefer mature companies or at least mature management. The burden of proof in these instances lies with the upstart who introduced the startup or the upstart running, managing, and selling for the startup. When this credibility does not exist, the venture ends up negotiating from a position of weakness<sup>64</sup>.

<sup>64</sup> *If you still end up taking on bigger customers and need help with negotiation skills, the absolutely best book on the subject ever written is Jim Camp's Start with No, Crown Business, 2002.*

## 7. The Search For Gods And Generals – Leadership And Greco-Roman Tragedies

I believed that we needed high-potency leadership from day one for us to attract talent, money, and customers. I was wrong. We wasted many hours and expensive international air time (four-figure MCI World Call phone bills during months of recruitment effort) interviewing and convincing candidates in the U.S. and elsewhere to talk to us, when we should have been spending the same time chasing customers.

To be fair, this belief was primarily driven by the fact that I was clueless about one of the most essential skills required of a business owner: knowing how to attract and convert customers to cash. We had money in the bank and I knew how to build technology but getting strangers to give me large sums of money to solve their education problems was something alien. I didn't know where to begin.

In my prior consulting experience, lead generation had been Omer's<sup>65</sup> domain. All I did, really, was take already pre-sold (by Omer) customers and convert them into large consulting engagements and loyal clients. Omer opened the doors, I did my technology-guru-slash-wunderkind show, and Omer closed the deal. At Avicena, the lead generation, prospect conversion, and sales closure piece had to be built, but I always assumed that we could hire someone and make it his problem, not mine. I was wrong again. In one sense, the "get-leadership-in-place-before-it's-really-needed" mindset was a simple extension of the get-funding mindset and it had a similar result; it distracted us from the only constituent worth our focus—the customer.

Here is how the rhetoric went. Leadership is about holding your own and your team together in good times as well as bad. Leadership is about difficult choices, self-sacrifice, and the courage to stand out and make a call when everyone else in the room has chosen silence. Leadership is about listening and accepting that modifying behavior or changing direction is a sign of adaptability and strength, not weakness.

Hence to do all of the above we need leaders with name recognition in place, and the sooner, the better. The question that I was supposed to ask but didn't: "If you are the only person in the room, do you still need leadership to do all of the above? Why can't you do it by yourself?"

Perception is that more new ventures fail because of leadership issues at the top than because of any other reason. Interesting enough, the converse is not true. They don't succeed because of leadership. In a new-venture setting, with just a few mouths to feed and reducing travel time to profitability as the ultimate goal, leadership is incidental,

marginal, and sometimes irrelevant. Once you grow beyond a few mouths, achieve profitability, and can be looked at as an organization, the value-adding potential and contribution of leadership increases.

But in a garage with a handful of souls, you don't need leaders<sup>66</sup>; you need doers, followers, and managers. But then you haven't seen the only-have-leaders-in-place phenomenon—seven chiefs of x title in a seven-man organization.

**Moral of the story:** Build a business first, and then go looking for leadership.

## Lessons Learned:

John Whitney, the turnaround specialist and management professor at Columbia Business School, did an interesting, inward-looking exercise in his "In Search of a Perfect Prince<sup>67</sup>" course. He asked students to look back at their lives and pick one instance each of when they were a follower, a manager, and a leader.

The objective was to teach that more important than being a leader is the ability to recognize that all leaders sometimes have to become followers and managers. Their ability to handle this transformation is a measure of their effectiveness as a professional.

I am not denying that leadership has an impact. If you are destined to fail, bad leadership will get you there quickly. Great leadership will make for an interesting, educational, insightful, entertaining, longer, emotionally moving, and personally rewarding ride, but the final destination remains the same.

The point goes back to competitive advantage. With a great competitive advantage, bad leadership will be a handicap but not necessarily fatal. Without a competitive advantage, great leadership will be ineffective chemo against a tumor caught on tape too late. Leadership is the boogey man, the X-factor that we blame things on when we don't know what else to blame. If you dig deep enough, you should be able to blame it on competitive disadvantage. Closely related to the concept of marginal leadership is hero worship. Where do heroes come from? From owners' and investors' optimism and insecurity that there must be a clean solution to the problems they are facing that they can't see – and some one else can. Heroes come in a bewildering combination of makes, models, colors, and upgrades. They can be found in vendors (please take care of my technology issues), employees (you are responsible for this function, right?), board members ( I am really hoping that you could open some of these locked doors for me through your network), personal demons (I have failed before, I am not going to fail again), lenders (after running so much cash through this account, I am sure you will have

no problems extending that line of credit for me), strategic partners (I can see the fit from a mile away, are you blind?), friends (I was counting on that contract), and family (you said that you would bear with me for the next three years until we get this right—what do you mean you can't take this anymore?).

There is no life after Shakespearean tragedies because there is no silver bullet for success. Heroism is not portable, scalable, sustainable, or profitable. Reality is that if you hire an individual who you think will do a good job, there is an even chance that he will do a reasonable job by his standards but a crappy one by yours. As an owner, founder, and investor, you expect them to deliver on the vision (sometimes articulated, sometimes not) that you have lain before yourself; reality is that they may or may not get it at all.

Why do heroes fail? They don't know where to begin, they wait too long, they carry too much excess baggage, they do too little, they compromise too much, and they often fail to notice subtle transitions that change the power structure around them. Heroes fail because organizations and institutions succeed only when they grow beyond personalities and individuals; by definition, "hero" implies reliance on a one-man army. If that fits with who you are, you may as well go home now and cut your losses.

<sup>65</sup> Omer runs Sidat Hyder Morshed Associates (SHMA). It is now one of the leading financial, capacity development, actuarial, and technology consulting shops in Pakistan.

<sup>66</sup> See *Boot Strap Finance, The Art of Startup*, Amar Bhide, HBR on Entrepreneurship, 1999

<sup>67</sup> Also see *Power Plays*, John O. Whitney and Tina Packer, Simon & Shuster, 2000

## CLOSURE

All costs considered, Avicena cost its stakeholders a neat US \$820,000<sup>68</sup>. Of this cash costs (incurred in cash, not accrued) ran about one-fourth of the overall tab. The financial cost was just one dimension. On the credibility front, Sarwar and I both took big hits, he with his team at Aleph, me with myself, my family, Sarwar and my investors.

On a personal front, it was like a death in the family. A related side effect was that Sarwar and my relationship withered away. Something we had feared from day one but thought wouldn't happen, happened. It headed south after our angry email exchanges and never recovered. To be fair, as Sarwar said, the burden lay with me. During our final exchange on Avicena in early June 2001, he wrote a few lines that I have made a point of reading once every year. In his words:

*“My problem was and remains a huge burden of disappointment, not because of Avicena, money, investment, losses etc. I had a business relationship with you, independent of anything else and anyone else... It was a relationship based on love, faith, and blind trust. The minimum expectation of that relationship for me was an open line of communication, in which you would talk to me all the time and discuss your thoughts, ideas, and fears, just as you had once discussed plans and ambitions. First of all, whatever you were doing or going to do, should have been shared with me, consulted, talked, and more. I should not have been “informed”, post facto, and certainly not the way I was. All it said to me was that I was no longer relevant, the folks who had worked with you, trusted you, lined up behind you, were no longer relevant, and if they were being adversely affected it was just too bad. No one, least of all me would have wanted or would want your family to suffer or be on the street God forbid.”*

*“The second thing that was extremely important was that you should have informed me about your decision making processes as far as business goes, on day one, regardless of what they were. If your decisions were going to be guided by Fawzia, your parents, a mentor, an istekhara, or anything else, I should have been alerted to all of these on day one. I object to none of them, but if they were to affect me and the people lining up behind you, it should have been shared. I have already come to terms with all of this, and in some way have adjusted.*

*These are the only two matters that troubled me. Nothing else. I do not think you owe me anything at all anymore. I have no quarrel with your decision or even with your reasoning. My only grief comes from the way you handled me.”*

We haven't met or spoken since our last meeting in Orange County, before my family moved to Virginia on 10th September 2001<sup>69</sup>. I suspect it is neither intentional nor by design. We would just find it too painful to face each other and remember what we had in our hands and what we lost. Officially we have been busy; me with Alchemy, him with resurrecting Aleph from the technology downturn that followed 9/11.

Post Avicena I have become an even firmer believer in destiny, settling bills at the last minute (vendor and supplier credit), collecting invoices as soon as possible (cash flow management) taking time-outs (family), living within my means (budgets), paying for performance and talent (felt fair pay<sup>70</sup>), being flexible around deadlines (ides of launch), sharing information (managing expectations) and not funding future ventures with credit-card debt (good bye to teaser rates and 0% APRs).

What Avicena and Sarwar together taught me was not something that you could pick up at school, in the greenhouse incubator course, by reading or writing a book, or anywhere else. It was not exactly school of hard knocks since Sarwar believed it was not hard knocks till you were physically living off the street (he meant it in a good way). It added one more dimension to my definition of who I am.

Priceless or expensive? Only the next adventure will tell.

<sup>68</sup> *Approximately \$200,000 in cash – debt and equity combined. 28% in services contributed by Aleph and the rest as sweat equity-undrawn salaries by founders and employees. Of the cash component, \$80,000 was contributed by Fawzia and me over three years, the rest by investors and Aleph. Despite the MBA, because of lax accounting practices, only half of this amount was deductible for tax purposes.*

<sup>69</sup> *Another book?*

<sup>70</sup> *Elliot Jaques, Requisite Organization. See Craddock, Kenneth, ROBiblio, Third Edition <http://www.canadiancentre.com/ejbiblio/ejbiblio.htm>*

# REBOOT

Hope springs eternal!

In the end it boiled down to dumb luck, great timing and the home ground advantage. One would have thought that after surviving the heart break of dying technology companies on both East and West coasts, losing capital I didn't have and writing a soon to be bestselling book on new business failure I would have learnt my lesson.

**Year One (Pain).** On 1st January 2003, we came back home to Karachi. I had 16,000 dollars in credit card debt (read the preceding book), an asthmatic three year old, another one in beta (we were expecting Salwa) and an IBM Thinkpad T-30, that I had bought with the last two thousand dollars in my bank account. Over the phone in Virginia I had received two semi firm offers and three introductions that I hoped would lead to decent interviews in the city. After multiple failed attempts at making my millions by myself, I had promised Fawzia a job that would lead to plush retirement and a pension in a firm full of the undead (Freudian slip, I meant the unGeek).

So much so for promises...

I founded Alchemy on 27th January 2003 to make a point. Yes I was broke, in debt, with no idea or a plan, but the point was that I was still better off on my own. To be fair, as a family we had a number of advantages. We had two sets of grandparents, a roof over our heads, only one kid in the school going age bracket and no immediate pressure to support our parents as well as a total absence of embarrassment or shame on moving in with them in their old age so that they could support us and our kids.

The first five months were brutal. Maybe that is too harsh. Let me put it this way. Our total billing in our first five months of existence was 800 US\$. It funded the budget for letter heads and our first part time employee. Money wasn't the issue. I would hijack my father's car (an old beat up 1988 Toyota sprinter on CNG), borrow his color deskjet printer, eat his food, and scrounge 1000 rupee (15\$) loans. And this was on top of the money I would borrow from Fawzia who thankfully, unlike her insane husband, was gainfully employed. The brutality came from building the pipeline and flow from scratch and from hearing no's. In the sixth month a few things happened. A mutual friend did an introduction with Mahmood. Mahmood is a colleague from my days past at an

accounting firm who for some reason had a much higher opinion of myself than I had of myself even on good days. He was in the process of expanding his practice and thought that having a one man firm of consulting actuaries on board would create a better, fuller product offering for his customers.

The deal was a very simple handshake. Office space and friendship to pitch jointly for work. I didn't realize it then but this was one of the luckiest breaks in a series of lucky breaks that we were blessed with at Alchemy. With Mahmood came Ali Rahim and Nasir Raza, Mujtaba (yes, my current partner in crime), Masood, Kashif, Sikander, Rashid and many other friends. But more importantly with Mahmood came a platform (Mahmood, Masood, Idrees and Company), a network and much needed work.

**Year Two (Foundation).** With active support of this network, our billing jumped from 800 dollars in our first five months to \$37,000 in the next 13 months. Beyond that, as our practice and employees grew, Nasir Raza, (a senior partner in the firm) was gracious enough to give us his office space (3000 sqft) for next two years rent free. Mujtaba was audacious (some would say shameless) enough to ask for it. Arif Rasool joined Mujtaba and me at our new offices as the third partner in our ring of evil doers.

Having this group as a partner also helped us protect from the real hassles of running an office in Karachi. The first time an excise and taxation officer came asking for a bribe, we just sent him to Ali Rahim's room and that was the last we heard of it.

The next two years really defined us as a firm and without Ali Rahim, Nasir Raza and Mahmood we would not be who we are or even where we are. It wasn't just alliance or space or protection. It was mentoring, support (monetary and non-monetary), at times a shoulder to cry on, on occasions someone to share really big news with, but more often than not, companionship and comfort on good days and bad.

**Year Three (Product).** Towards the beginning of year two we seriously started looking at building a product that our customers kept asking us for. To the first three we said no, but when the fourth one walked in and said, what will it take for you to build this?, we had a change of heart. Alchemy Risk Manager was initially conceived as a market risk management toolkit. Five years later, it has now evolved into an Enterprise Risk reporting platform that takes care of Basel II requirement for Credit, Market and Op Risk, Asset Liability Management, Stress Testing, Local Regulatory reporting and a derivative pricing engine. As a product it is reasonably successful and it became the driver that took our revenues to \$70,000 in year three to \$300,000 in year five. As a foundation it created the platform that allowed us to expand our product portfolio to six interrelated solutions that cross sold each other.

The shift from a services based consulting setup to a product based technology company changed the profile and outlook of Alchemy. A product focused based team is also more profitable than a services or consulting shop. The downside is that it takes much longer to take off but only till you close your second license.

And if your product is in demand, the coming growth spurt catches you by surprise.

We started putting some of our hard earned marketing dollars to work by participating in regional events. First GITEK in Dubai, then MEFTEC in Bahrain for two consecutive years. The participation indirectly led to four awards over three years. The most cherished was the PASHA ICT Award for the best financial application in November 2005. Followed by the Asia Pacific ICT Awards finalist in February 2006. And finally the coveted MIT CEF Business Acceleration Plan (BAP) runner's up award in November 2007, won from a judging panel that included Imran Saeed, Ken Morse and Bill Aulet from MIT.

**Year Four (Funding, growing up, business development).** Four years into startup mode we were ready to conquer the Chinese market. Three days into our first trade visit that took us through Shanghai, Hangzhou and Dalian, it was clear that the Chinese were only interested in selling, not buying and our plans for printing money through China would need to be put on hold.

But on the plus side we met Wilson Tan, Bill Liu and Khun Somkiat on the same trip. Wilson was the President of the organizing body ASOCIO, (the outgoing President of Mercury interactive and on his way to take charge at Singapore Post). Bill ran Green Dot Capital, the technology venture investment arm of Tamaseck and Somkiat co-founded and co-ran WMSL out of Bangkok.

Four months later, as part of another trade delegation Wilson ended up in Karachi and spent a day with our team in our office. The objective was to get an independent assessment of our chances of raising funds from a group of investors in Singapore as well as do a reality check about our future. Wilson's fifteen minute prognosis became the basis of our roadmap.

In essence Wilson said:

- a. The opportunity and the domain in which you operate in Pakistan is not big enough, you have to expand internationally.
- b. It is not worthwhile to look internationally with just one product. You need to grow your product portfolio.

- c. You are not ready for a venture capital round. Your best bet is angels and individuals. An institutional investment round will suck your capacity to focus on the core business and the time it will take to close it, is at least at this stage, better spent in growing the business.
- d. Remember that raising institutional money is a full time job. You can only focus on it if you have someone else to take care of your day job.
- e. You need to fix the business development group. Without it, you are not going to hit your numbers.

In December 2006, with Wilson's guidance we closed a small angel round and raising that money, surprisingly, was easy as a simple hand shake. We used the cash to add a new product, create a business development group and fill in our seasonal cash flow hole.

**Year Five (More products, new pitch, newer campus).** After the pain of building the first two products, the next three came easily. We now had core libraries, resources comfortable with the risk domain and our philosophy of attacking it, walk in candidates who were perfect fit for the type of work we did and the firm we had built, repeat customers who came back with new contracts and the Alchemy brand that stood for high quality, risk reporting products in Pakistan.

But products are no good without a decent pitch. We had crashed and burned on two separate occasions (elevator pitches) in front of the legendary Ken Morse (MIT Entrepreneurship Labs); on the third occasion we managed to get an MIT Sloan polo shirt out of him.

A pitch is a funny thing. Till you share it with an outsider, you think you are God's gift to mankind. Then the outsider says "So what?" In a mentoring session Umair Khan described that a pitch had to be like a 007 (James Bond) movie. First 10 minutes: an exciting action sequence and a great score to keep you at your seat's edge and then you can bore them to death. Just before they drop off to sleep, you bring Q in with an exciting gadget and a good looking car and wake them up.

He then said turning banking risk and regulation software into a James Bond flick will be a lot of work, but if you could do it, you would do very well. We did.

**Year Six (Growing pains and the downturn).** The international expansion led to relationships and partners in Bahrain, Dubai, Bangkok and Singapore. The head count hit 50. We could finally justify a rack, high speed laser printers, multiple backup power

generators, a UPS bank and Thinkpad T60 laptops for the masses. Our proposal transformed from a two page document to a 50 page contract package. Our presentation evolved from a tricolor text dump to a custom designed, well rehearsed, power jolt. We started taking 48 hour, multi-country, multi-client sales trips, literally living out of suitcases on airports.

We grew out of two consecutive offices and found something more permanent. A 6000 square foot facility that would one day see a swimming pool. It came equipped with a recreation room, a heavy duty ping pong table and a 200 meter walking track. On the sales front we doubled up again in 2008 to close the year just a shade under US \$700,000.

We hired Men in Black.

Right in time for the down turn.

## FROM THE PRESS SECTION

### Working Mothers, Actuaries and Basel II: Alchemy Associates at MEFTEC '06

10th February 2006

Imagine:

- a. A group of working mothers with kids and degrees in computer science from top notch local schools looking for challenging work and flexi timings
- b. A non traditional actuarial consulting firm
- c. A regulatory standard built around risk management practices for an industry that uses mathematics as old as time
- d. Beach chairs, loyal customers and a Nobel Prize winning differential equation
- e. Foreign competition with cutting edge technology, unlimited marketing budgets and an already established international track record

Take (a) to (d), throw them in a salad bowl called Alchemy and pit it against the multinational players with unlimited budget in (e). Sounds like a cross between Erin Brockovich and a Disney movie playing the underdog against big bad corporate giants. You know, you have seen the movie; in a nail biting finish the under dog wins.

But is that so in real life? Read on...

Jawwad Ahmed Farid headed back home to Pakistan from Northern Virginia, in January 2003, with a desire to do something that was different and meaningful and yet went against conventional wisdom. An actuary by profession with an MBA from a Columbia Business School, Jawwad's meaningful version 1.0 was a traditional actuarial practice with a twist. Its first actuarial valuation engine, the core of the practice, was not written by an actuary or an actuarial student but a part time working mother. Erum Khalid, employee number one, with a bachelors and masters in computer science from Pakistan's top rated and well respected FAST Institute of Computer Science, worked a couple of hours every day while her children went to school. Their first office was a beach chair and a laptop; their first assignment – review of capital adequacy rules for a financial services free zone in the Middle East.

The firm that rose from such a humble beginning, three short years later, employs 23 professionals, 6 of them women, 4 of them working mothers; counts 35 of the 50 odd financial institutions in Pakistan amongst its customers including the Pakistani central bank, the largest life insurance company, the largest bank treasury and the largest brokerage house; implements a home grown, cutting edge Basel II solution for Market, Credit and Operational risk that has won multiple industry awards; and stands tall, shoulder to shoulder with competition that has a few hundred million dollars more in market capitalization and balance sheet foot print.

“When we first started thinking about what we stood for as a firm”, says Mujtaba Iqbal, Director of the Enterprise Analytics practice, “We agreed that we had to make a difference in both our client and our employees’ lives. Not one before the other but a balance that ensured that our people and our customers did not have the same issue we had in our earlier careers. It has not been easy holding true to that vision but if there is one thing that has helped us get where we are, it is that balance.”

The most common term used by employees to describe the team – fun to work with. The most common words used by the same group to describe the nature of our work – fast paced, invigorating, on the edge. Noor Ali, Analyst and Project Manager describes working at Alchemy as “An ever evolving strategy game, where every triumph is rewarded by an even bigger challenge”

What about customers? The one word customers use to describe Alchemy - Partner. Commenting on this choice, Jawwad Farid, Chief Executive and Director responsible for the Enterprise Risk and Basel II practice says, “We know what we went through when we had to decipher the Black Scholes equation. We take great pains to spare our customers that agony. Having said that, the process and the underlying equation are essential to how Risk Management works. We spend a lot of quality time with our users ensuring that they understand not only how to use the system but also how to break it. When we break it together, it’s the customers who come up with fixes and suggestions first. It is their solution; they own it as much as we do.”

After exhibiting at GITEX in September '05 and the Pakistan Single Country exhibition in Malaysia in October '05, Alchemy will now be exhibiting its flagship Enterprise Risk product, Alchemy Risk Manager at MEFTEC '06 from 13th February to 15th February 2006 at the Pakistan Pavilion (EC-03).

-end

# Alchemy picks up first prize at PASHA ICT Awards for Alchemy Risk Manager

6th December 2005, Karachi.

Alchemy Technologies today announced that it won the best financial application award today at the PASHA ICT Awards 2005. Judged by an independent panel of technology and business professionals, the winners of the PASHA ICT Awards will now go on and represent Pakistan at Asia Pacific ICT Awards in Thailand in February 2006.

PASHA (Pakistan Software Houses Association) was formed with a mind to promote and develop the fast growing software and services industry in Pakistan, and to provide them with national and international exposure, and recognition. The PASHA ICT Awards serve to recognize and promote locally developed software applications and services. The applications are judged in terms of creativity, innovation and excellence. Participants include leading software houses, technology shops, ISVs and consulting firms in Pakistan.

Alchemy Risk Manager is a Basel II compliant market, credit and operational risk management solution targeted at Risk Management groups within financial service institutions. The solution is under implementation at two client sites within Pakistan, and has already picked up other prestigious technology awards and nominations in the business and professional categories earlier this year. Jawwad Farid, Chief Executive at Alchemy, on the occasion said, "A good product has a great number of contributors and our thanks go out to our team members, customers, user groups, well wishers and industry sponsors who have all played a key role in helping us get where we are today. The PASHA ICT Award is an honor and testament to the hard work that has been put into this product over the last three years by all of us."

-end

## October 2003

A full year of profits reinvested in erecting a small (200 square foot) home office.

Alchemy's first formal home.



## May 2005

MCB Deal signing, the first Alchemy Risk Manager sale.



2 hours later, the Alchemy team is out celebrating the win.



## November 2005

Winners of the PASHA ICT Awards



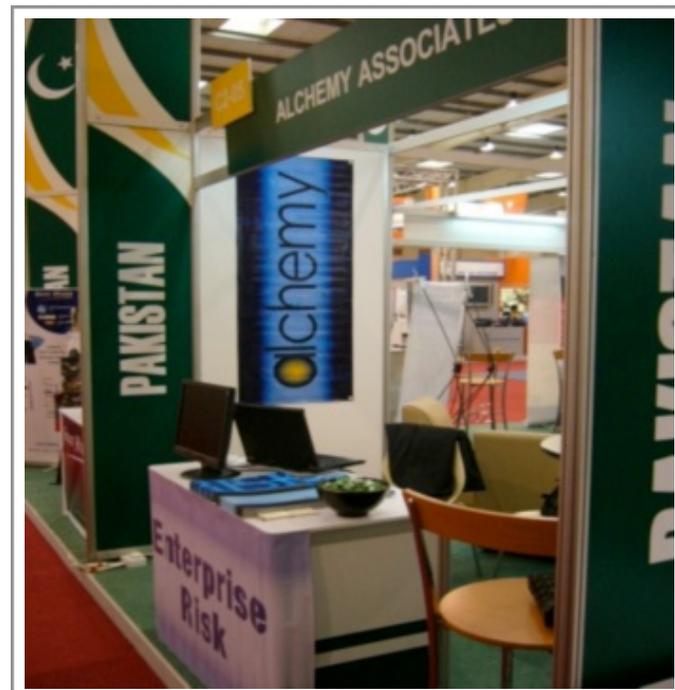
## February 2006

Running a session at the Microsoft booth on Value at Risk at MEFTEC, Manama, Bahrain



## February 2007

The Alchemy booth at MEFTEC 2007



## 2007

The Alchemy team on a routine, week day, office hour, collective bunk from work.



## March 2007

With Khun Somkiat, our partner in Bangkok at the Auto show, immediately after our first workshop in Thailand and a night in the hospital.



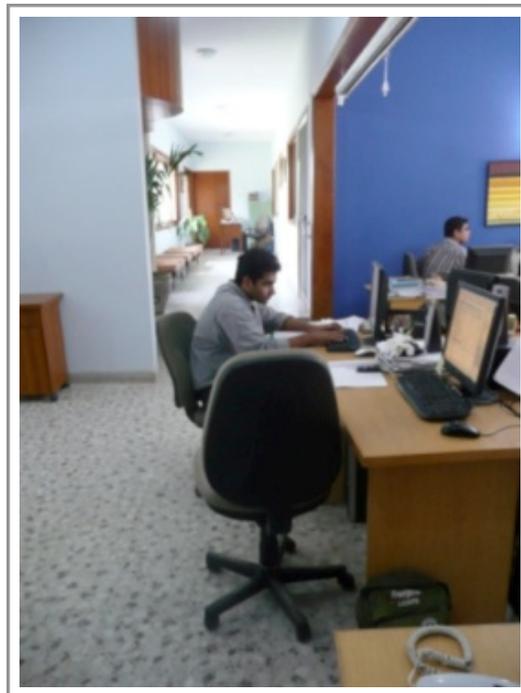
## February 2008

30 plus and counting. Though they are only 28 heads in this picture, the Alchemy headcount stood at 37.



## June 2008

The new Alchemy campus.



## August 2008

Rough seas – the Alchemy team on Gawadar beach front.



# WHY FAILURE?

Before my fascination with failure came my initiation. Dated a little earlier than my involvement with new ventures, it requires a substantial detour down memory lane.

When I was 16, fate handed me over to a coach at a local track and field club. My training partner, Tariq, was a Pathan, a true highlander. Coming from the rarefied<sup>71</sup> air of the mountain ranges that dot the borders between Pakistan and Afghanistan, Tariq's lung capacity was like a sci-fi Ramjet. He could shorten and lengthen his stride at a second's notice and his heart would fight all the way to the finish line. A touch over five and a half feet with his small frame, he was destined to stand tall somewhere between Seb Coe and Edwin Moses, while I would be the poor kid from a country with an "Izhikistan" for a prefix who is fashionably late in crossing the finish line in the qualifiers.

During our training sessions, Tariq went on to complete everything the coach doled out in an effortless gliding fashion, while I flopped across the last 50 yards, half dead and completely out of breath. A typical day's endurance training would start from 5000 meters (yes that is equal to 5 KM or a little over 3 miles) down to a 30-meter sprint with a 40-second walk-jog in between. It was your personal edition of a portable four-wheel hell, matching pace with you at 3 minutes a kilometer over dirt tracks, inclines and paved roads, punishment for daring to think that you could join the immortals who ran half a mile in less than a minute and three quarters. By the time we got down to the low 100's in our event logs, air would become thick as sauce and the track around us looked like a TV with bad reception. When the end finally came, Tariq would be alive and well, ready and asking for more and I would be the poster child for the living dead. Our professional meets used to be reruns of our training sessions. Tariq finished with gold. When I was lucky, I ended up with bronze or silver. When I was not, I went home empty-handed and tired.

<sup>71</sup> *The grail and the gospel in middle distance running is altitude. It is all about lung capacity. Training at higher altitude, with less oxygen in the atmosphere our lungs become used to working with what is available. Take that training and bring it down to the plains and the same lungs used to breathing in oxygen starved air, start getting regular air. For a high altitude lung the effect is the same as adding nitrous to your fuel mix, using high octane instead of regular.*

The credo at the field was simple: If you want to stay in the training group, no matter how long it takes, you finish your assignment and you cross the finish line.

If you die trying, we will take care of the burial arrangements, so run and die with honor. For years, I died with honors at the National Training and Coaching Center in Karachi, aptly built at the junction between National Stadium and Aga Khan University Hospital. Naeem, our coach, would point to the stadium on one side and the hospital on the other and say, "It's your choice which way you go out."

For other athletes (who later became good friends and daily pall bearers) and Naeem, it didn't matter that Tariq was way a better and more gifted runner than I was. What mattered was that irrespective of how hard he tried, he couldn't lose me. On the oval boundaries of a soccer field located between a cricket stadium and a hospital with bold edges, I learned that it was okay to fail as long as you crossed the finish line, went home, and showed up for more punishment the day after. I found religion and myself running laps around a cinder track with a left-behind Greek<sup>72</sup> god.

### **Startup roulette: A framework for failure**

The need for a framework arose when I realized it was difficult for me to retain an objective point of view when my ventures were cross fading between economic cycles. Instead of troubleshooting, which made things worse, it would have helped if there had been a list of common diseases, symptoms, and cures that I could refer to figure out what had gone wrong and what I needed to do to fix it. Page 69, *Expectation Management*: first shoot your partner in the knee and then tell him if he talks about moving on to something better again, you will cap the other one, too.

When the framework was first put to work, it was obvious that I needed to think about degrees of failure. Is it just a runny nose, a bad cold, viral flue, or full-blown pneumonia? The severity of illness determined the aggressiveness of treatment. The benchmark I used was the amount of time it took to get back on your feet after failure. At times this was dependent on the magnitude of financial loss caused by failure, while occasionally non-financial factors such as attachments, relationships, credibility, self-confidence, promises, and the psychological mindset determined the length of the recovery period. The recoveries fell in one of the following three broad categories:

<sup>72</sup> *The Pathans, the ethnic race Tariq came from, trace their lineage directly to Alexander's Army when it came through the Khyber Pass to invade India.*

**Type I**, a.k.a. the no commitment date, is a failure without any major financial costs. You come up with an idea; you throw a little money at it, test the waters, do not get the right response, pull the plug, and step out as soon as you get your feet wet. Your total investment is limited to 4-12 weeks of your time and less than 5% of your net worth.

**Type II**, the fair-priced joy ride, is a failure with significant financial costs. Moving forward with the above theme, after testing the waters you actually go for a swim, find the current too strong, get stung by a jellyfish, pull a muscle, get a cramp, and almost drown before heading back to the shore. Timeframes could run into years, personal losses claim a substantial portion of your and your friends' and families' net worth, and recovery from this misadventure is spread over multiple years. Called the fair-priced joy ride because you knew what you were getting into, you had your fun and your chance, took your shot and missed. Charge it to the experience account.

**Type III**, the tailspin, is failure with substantial financial costs. You go for a swim and are never seen again.

Type III failures generally result in complete financial wipeouts and tremendous personal emotional strain. Recovery from such failures is very rare and requires serious intervention by friends, family, and well-wishers. I have seen a few Type IIIs and the only thing I could do to help was turn and walk away.

## Sidebar one – Serial entrepreneurs

- ❖ Serial entrepreneurs follow a very interesting pattern. They will keep playing the game until life deals them success or a tailspin. Social and economic systems that make it easier to recover from tailspins have a thriving and growing entrepreneurial community. Failure viewed as a badge of courage and not taboo, protective bankruptcy laws, liberal write-off and loss recognition provisions, and a healthy appetite and understanding for risk all help. Social and economic systems that don't miss out on the economic boost entrepreneurial steroids provide

### **The blue screen of death**

The marked-for-death syndrome is quite common in first- and second-time ventures.

Cookaracha Guides, my venture number two as well as a Type I failure, was done and

finished with within three months. The idea was to give paid advice to aspiring MBAs and business school students before, during, and after the school application process. Attract them with original content, sell a little advertising, give advice, part free, part charged. The opportunity cost was minimal due to my status as a full-time student and the overall financial investment was small since there wasn't anything in the bank for me to invest in the business (had not discovered credit cards then). Employee headcount and operating expenses were Fawzia and me working from our subsidized student apartment off Broadway in Manhattan and the business school library at Columbia University. Even Amin, our (fresh from the mint at Roosevelt Hospital) son had made his significant contribution by allowing us to claim a two-bedroom rather than a single, one bedroom of which was immediately usurped as the global headquarters of Cookaracha Inc. Internet access, email, faxes, photocopying, and conference rooms were also provided courtesy of the business school.

The downside was limited to the unpaid hours Fawzia and I spent on getting the content together and up and running on the student web server. I took it on because I thought there was an opportunity. I was wrong; it died because the few who came didn't want to pay and while I was busy getting things together, three dozen other sites had already mushroomed with similar themes. There was little I could do to differentiate the Guides from the site next door. Lesson number one—don't walk into a crowded space where there are no screens on the windows and no doors at the entrance.

Avicena, venture number three, location southern California, circa mid 1999–mid 2001, lasted all of two years. Although it represented a financial loss measurable in multiples of my net worth, it was also the best education I ever had. Things were a little complicated this time because we had taken in \$70,000 in friends' and family's money and an incubation agreement bartering 20% of equity for approximately \$250,000 in services and facilities. We had employees and payroll, a production website, servers, dedicated broadband connections, beta customers, venture capital commitments, maxed-out credit cards, but no revenues.

The business model was fairly simple. When we finally got around to implementing it, we found that business models are far easier to write, are most difficult to execute, and are rarely simple. Realizing and accepting this for an entrepreneur is equivalent to the loss of innocence for a teenager – the most important lesson that can only be learned the hard way – and never be taught. One part labor arbitrage, one part technology, and one part branding and distribution sounds neat on paper but if you can't do it all before cash runs out, lo you have a shot at writing a book.

In the short span that we were around, we took care of technology execution, content,

off shore outsourcing, business processes, lead generation, and engaged Society of Actuaries, Swiss Re, ERC Frankona, Manufacturers Bank, Sumitomo Mitsui, Reuters, Yahoo, and Pearson Publishing in business development discussions. New York, Boston, Chicago, D.C. and Tokyo. I learned as much about missed flights, airports, unplanned transits, layovers, taxis, red-eyes, and hotel food as I did about selling. Despite the promise in the idea, we hit the screen because stupidity knows no bounds. Also true for greed and arrogance—we were stupid, greedy, and arrogant, which, in a different order, may not have been such a bad thing. If only we were greedy first, made out like kings, and then turned arrogant and stupid. We began with arrogance.

When we pulled down the shutters, I thought it would be a while before I would think about venturing out on my own again. Three ventures in a row had left me a little breathless and strapped for cash and I didn't want to get back to working 140-hour weeks just so that I could go broke again. Why work so hard to come back full circle when you were already there?

In less than 18 months, I went back to the grind of working without a paycheck and in another three years had paid off most of what I had begged, borrowed, and stolen to keep things going during the final dark months in California. I was lucky to be 30, with a supportive family who put three meals on the table, didn't ask difficult questions or charge me for rent. A different dealer and a different hand of cards and it could have just as easily been a Type III tailspin. The last set of lessons that I learned from the Guides and Avicena boiled down to:

- a. Failure is a more discerning and forgiving teacher than success. Ounce for ounce, you come out leaner, meaner, and wiser. As long as you run with honor, cross the finish line, and show up for more punishment the day after, you will be at peace with yourself and the world.
- b. As a first-timer around the circuit, you don't know enough to pick the right car, the right deals, the right tires, the right team, or how to take the tightest of turns. Regardless of your intelligence, commitment, and capital, you are doomed to fail. There is a blue screen of death and it's going to get you because the odds are stacked against you from day one.
- c. Best to do this when the stakes are small and no one is watching. It helps if you are young and strong or have the heart and stamina to recover and take another shot later on.

The real question then, as a member of an audience once asked me, is, "If failure is so grand, common, inevitable and honorable, why worry about it all? It is going to happen so why bother studying and analyzing it? Just sit back and enjoy the ride, right?"

Ten years ago when I was a warm-blooded party animal brimming with confidence in my abilities to change the world and survive adversity, I would have agreed. At 35, though, I have a slightly different view.

I think entrepreneurs by definition burn out a lot sooner than ordinary human beings. In fact, I would even venture forth, without any scientific, statistical, or academic validation, that the half-life of a typical business founder is around 40<sup>73</sup> years. After 40 you slow down, get riled easily, have more personal, financial, and family responsibilities, and, generally speaking, are much less reckless than you were in your earlier years. In a field that thrives on risk taking, you want to play it safe. If you make it financially before or somewhere around this cut-off date, you can put aside your nest egg and go back to being reckless. If you don't, there is a good chance that you will switch to safe mode. I believe the final cut-off age will vary across cultures, regions, and social boundaries. Having said that and assuming that you have been working since you turned 23, that gives you a window of opportunity of about 17 years to make it happen. There will always be exceptions to this analysis; look at the 80-year-old grandmothers making a fortune selling cookies on eBay or middle-aged first-timers hitting jackpots with best-selling fat reducers and crispy bacon toasters.

*<sup>73</sup> This book is filled with assertions like these that should have been backed up with solid academic research but are not. If and when I enroll in a PhD program, I promise to do better.*

## Sidebar Two – Spirit

- ❖ Entrepreneurial spirit is scarcer than capital. Given certainty, opportunity, resources, and choice, most people believe that they would choose to be owners, investors, and employers rather than employees. Throw in a little probability and then see what happens. Absent the certainty, a very small percentage of the same group will actually take the bet, even if everything else is held constant. An increasingly smaller percentage of takers will stay with the bet as you increase the element of chance, reduce choice, and strip out resources. The last man standing would be the rare individual who will actually make it work, irrespective of what you take away from him. That is the essence of an entrepreneur—as rare and honorable as true love, courage, and self-sacrifice

If you assume for a moment that the 17 year window of opportunity exists, then how would you proceed? If an average new venture takes four to six years to pan out and rewards investors and founders, that gives you just three to four rolls of the dice. On the fourth roll, you are out of the game. Is there anything that you can do to improve the odds?

I can think of two. You can roll when you are absolutely sure that you will have a winner or you can cut down the average time per venture. The problem is that a new venture will take four to six years to compensate you for your original belief, commitment, and effort. There is not a lot of room there for you to compress the time taken before you break even. The one thing that you can cut down is the average time per failure. Put rather simply, fail quickly or not at all. Avicena shook me up. Amin, our two-year-old, had allergy indications and we could no longer afford health insurance. In a year, I had succeeded in gathering more debt than my parents assumed and paid off in their entire lifetimes. The four years it took me to pay off those obligations were a welcome penance for my behavior. But they also made very clear that the years that it took me to sink and recover came from a reducing pool of time that I could never refill. I had one more roll of dice left that expired as soon as the clock hit 40. It was also clear that if I decided to roll, I had to make this one count or say goodbye forever to my entrepreneurial dreams. With a wife, two kids, and a third on the way, Mr. Farid, it was about time that you woke up and did some thing more productive and financially rewarding with your life.

In my mind, the question became, “Is there a litmus test that can tell you upfront if the blue screen of death is going to get you?” Before each roll, you could simply apply the test and see if it was worthwhile to roll the dice or pass. To design the test, you have to dig deeper into why entrepreneurs fail. Traditional literature will give you a long list of factors: environment, personal discipline, markets, business models, pricing power, competition, fraud, work ethic and execution among others. A quick read of the last few pages would add luck, fate, destiny, stupidity, arrogance and greed. But this is all macro stuff; lists that are exactly that, lists. No good for authors, users, readers, or entrepreneurs.

When I go beyond the macro factors and think about the meta dimension, in my mind businesses and entrepreneurs who fail, do so because they can't solve three simultaneous challenges<sup>74</sup> – selection, execution and balancing faith. Any screening test you define, needs to include all three factors. Let me define what the three factors mean to me and then we can take a look at the tests.

<sup>74</sup> *No academic basis caveat*

## **Selection**

The selection problem is picking up the right business idea. The ability to decipher when to roll and when to pass. Like all selection problems, this is basic pattern recognition. If you have seen the movie once, you know how it ends. The right ideas are like seeing the same movie again and again and again<sup>75</sup>. Imagine the edge you have, when you know the plot and the ending, while the competition is still trying to figure out who, why, where, when and why?

## **Execution**

Execution is delivering on the promise of the idea. Great idea, bad execution, dead business. In contemporary literature execution is clichéd, in real life it is staying the course that gets you past GO cheaper, faster and sooner.

## **Balancing Faith**

Balancing faith is recognizing when you can win and when you can't. It is going the distance when you can and cutting your losses when you can't. Once again clichéd. In real life: Have you ever pulled the plug on the ventilator of a dying loved one? (I haven't and never want to) Now that we understand what each of these factors signify, let's take a look at the tests. Selection and execution first:

Bruce Greenwald<sup>76</sup>, a professor who defines business franchise in his Economics of Strategic Behavior and Value Investing classes at Columbia Business School, says, "Porter's<sup>77</sup> five forces are four forces too many; barrier to entry for competition is what creates a competitive edge and ensures sustainable profits. Everything else is irrelevant."

In plain English Bruce's law states that in order for you to kick butt of your competition you have to pick a business in which the competition is not just limited now but will remain limited for a very long period of time. This can only happen when it is exceedingly difficult for a new entrant to either enter your market or compete with you or both. That is a true business franchise.

<sup>75</sup> *Andy Kessler, Running Money, Harper Business, 2004 is where I first saw the "I have already seen this movie" analogy. The analogy and the book are both worth reading.*

<sup>76</sup> *See Value Investing, Bruce Greenwald, et.al, John Wiley & Sons, 2001 as well as Competition Demystified, Bruce Greenwald, et.al, Penguin Group, 2005.*

<sup>77</sup> *Porter's five forces are Supplier Power, Buyer Power, Threat of Rivalry, Threat of Substitutes and Barrier to Entry. See Porter, Michael E., Competitive Strategy*

Transmitta and AMD against Intel; Coke and Pepsi against each other and every one else; Any regulated monopoly against recently de-regulated players: Within the Pakistani market, Life insurance - State Life; telecommunication – PTCL; banking - National Bank.

We fail as entrepreneurs because in our first few rounds, we are unaware of Bruce's Law. At times we are aware of the law (we may not know it by that name) but either refuse to believe it or find it difficult to acknowledge that it applies to the opportunity we are evaluating.

Bruce's Law or the business franchise test is the first selection requirement. If you begin with passing the business franchise test you have already improved your odds against failure.

Unwavering belief in the franchise test, however, is not the only requirement for success.

You can discover an opportunity where there is no competition or future competition will be very restricted due to a sustainable competitive advantage that your venture enjoys. But then you need the ability to convert this opportunity to cash and keep it that way, preferably before you run out of capital. Which is execution<sup>78</sup>.

Entrepreneurs fail because they pick a bad idea or they can't execute or both. However if you look hard enough you will find businesses that got both the idea and the execution part wrong and yet function as viable businesses today that pay rent, make payroll, settle their bills, and generate a reasonable profit for their owners<sup>79</sup>.

How do you reconcile the truth with the facts? Well, as Bruce put it, the business franchise test above indicates two things—the level of profitability and sustainability of that profitability. You can still make money if you fail test number one, just don't count on making it last forever. On the execution front, momentum or inertia will carry you through some distance before you realize how much trouble you are in. Just because a run away train passes other trains on other tracks and stations, it does not mean that it is well driven. The real test is when you break inertia, change directions, fight momentum or hit a hard stop. Throw any one of the above tests at the so called profitable businesses we just spoke about and you yourself will see how well run they are.

<sup>78</sup> See *Execution*, Larry Bossidy and Ram Charan, Random House Business Books, 2002.

<sup>79</sup> See earlier footnote on the difference between economic and accounting profits

## **Balance Faith**

And now for balancing faith. The winners-never-quit question! The how-can-you-walk-away- when-we-are-so-close-to-the-end defense. I keep coming back to Sarwar's last comment at Dana Point: "I can accept anything but a shortage of faith from you." Was it shortage of faith or something deeper? Given a bad day can I just quit? Is that what Sarwar meant? How do you tell true catastrophic failure from a bad bout of self pity? How do you know it's time to walk away and do something else with your life?

Us, entrepreneurs are a religious lot. We just can't remain agnostic given what we face and the lows that we sink to when we abandon a project. Call it destiny, karma, divine guidance, or a higher being; do a few rounds as an entrepreneur and you will not only find it, you will pray to it every morning after looking at yourself in the mirror. It is our faith in our abilities and destiny that allows us to leave regular paychecks and take what the world may view as an irrational or insane bet. It is also the same faith that helps us survive adversity and it is also our faith that holds us back long after the wake is over.

How do you know it's over? How do you know it's time for you to turn your back, pick up the key, open the door and leave? You can't rely on faith because faith is not rational and faith will not pay the bills. Is there an objective measure you can use to start the self-destruct sequence?

I only have one test that I have tried over time. The objective of a business is to make money for its stakeholders. Even not-for-profits and charities make money to carry on with the good work they do. What exactly is this money? Take everything that comes in as revenue, take out everything that goes out as an expense, and the difference, if positive, is cash in the bank (more or less).

If it is negative, it is like a bill that has to be paid and get paid it does from your personal pockets. Your survival as an entrepreneur then depends on the depth of your pockets and your tolerance for working 20-hour days AND paying the business for the sweet deal it has allowed you to cut with yourself. If the status quo remains the same, ultimately either your pocket or your patience will run out. When it does, you abandon rationale and move on to faith.

Making money is a little more complicated than finding a need, finding a market, creating a product, finding a buyer, and closing a deal. It requires that you do all of these in such a fashion that there is some margin left for you to take home at the end.

Very few businesses can reach this objective right away. If it remains an attainable goal and you have sufficient capital to reach that goal, have faith and linger on. When it

becomes unattainable or you run out of capital, it's time to lock up and go home. This in essence is test number two.

Faith and commitment are relevant when the underlying business model is viable, where numbers add up, and where profitability is reachable within a reasonable timeframe. When this is no longer true, faith and commitment are misplaced. These conditions or tests are not static; a business model may be viable on day one but irrelevant or unrealistic two weeks down the road. New and previously unknown information is generated as ventures cross major milestones. It is better to ask simple questions again and again about capital, products, customers, economics, and teams to grade ideas and plans as we move forward rather than rely on initial or static analysis.

## Sidebar Three: Assets and Liabilities

- ❖ For some, a going-concern venture, even with negative current and future cash flows, has some value. As long as it is viewed as a going concern it is still an asset. The minute you turn the life support off, it turns into a liability with enough strings attached to sink you. A common theme in ventures funded with friends' and family's effort and capital is the blood oath to succeed or die trying. The stakes are high since most new ventures are highly leveraged, speculative, risky exercises in the power of faith that stay that way for years. The leverage that creates the high returns stays (is persistent) whether the ventures fail or succeed, creating a natural bias for owners to aim for success at all costs. Sometimes even a small win that allows them to maintain the appearance of a going concern is preferred over a declaration of all-out failure

Do I have a list of questions and milestones<sup>80</sup>? Yes I do. But remember, for me, the objective is to fail quickly, gather minimal baggage, and take on the next big thing. The questions and milestones are applied and tested every time you have additional information that has an impact on your answers. Until you answer the questions satisfactorily, don't move on to the next milestone. If you get stuck at a milestone; and/or make no progress; and start running short on capital, then consider the cost of staying at that level versus trading your current venture for a better one.

<sup>80</sup> *For a more traditional and deeper treatment, see HBR on Entrepreneurship, Harvard University Press, 1999.*

Let's start with the list of questions.

**Milestone number one – the idea.** You can't move on with just a great idea until you figure out how you are going to build it and what it will cost you. Five quick questions:

1. What are you building?
2. What do you need to build it?
3. Can you get it?
4. Can you build it?
5. How are you going to make money from it?

You have to build what you are going to sell. It may be a product, a concept, or a transaction. Irrespective of its physical shape and form, you need a tangible wrapper around it for customers to visualize the value your idea creates. For a services solution, you need infra-structure; for a technology product, you need a finished, packaged, and working edition; for a concept, you need a pilot. In most cases, you need help to build it. In very rare cases, you may be able to build it by yourself. If you need help, do you know enough about your product to select the appropriate partners and vendors? How will they be compensated? Beyond compensation, who captures the economic rents from fulfilling this need? You, the originator of the idea; they, the manufacturer of the idea; or the channel, the ultimate distributor that touches the customer?

**Milestone number two—the customer.** We have already touched on this in the previous chapter, but I think the questions are important enough to be reproduced here again:

1. Who are you selling to?
2. Why will they buy it from you?
3. What's in it for them?
4. Who will sell it?
5. Can you sell it?
6. Do you know anyone who can be a ready customer today?
7. Do you know a customer who will fund this from day one and buy it when it's ready?

**Milestone number three—economics.** Can you still make money while doing all of the above? Also consider these questions:

1. How long will it take the business to reach profitability?
2. Is profitability sustainable, seasonal, or erratic?
3. Who do you need to run it?
4. Can you hire them? Will they work for you?
5. How sensitive are you to economic cycles?

**Milestone number four—the end game.** You have made it work, now what?

1. What is it worth today?
2. What will it be worth tomorrow?
3. Do you want to sell it?

How do you monetize the capital investment (human, financial, and other) made over the four milestones? Do you plan on holding it forever and collecting your profits until the end of time? Is the business more valuable to you or more valuable to someone who is willing to buy it from you?

You need to have an exit strategy in mind before you commit yourself to the venture and make your first moves. The end game dictates what your opening moves will be. It also dictates the intermediate milestones you have to hit before you can reach your destination.

### **Closure, reloaded**

Five points before we close.

First, there are no right answers to the questions above.

Second, you need to be realistic when you answer them—neither conservative nor optimistic, just realistic<sup>81</sup>.

Third, each of the above milestones is a check point. Investment made prior to that check point is a sunk<sup>82</sup> cost. Whatever you do past that milestone is not going to bring that money back. It is gone. Don't let that affect your decision.

However, investment expected in the future is not a sunk cost. You can still salvage it. Before you invest additional capital, evaluate if the payoff from that additional investment will allow you to earn a decent return. If it doesn't, turn in your faith and walk out.

Point number four: Remember that this is built on a safe view of the world. There will always be exceptions that will break the framework. At some point during your life, you will take risky bets; at others, you will opt for the safe route. Only you can determine when to make which call; the framework can't help you. All the framework does is provide milestones and questions that would not allow you to move forward and make additional investments unless you know what you are doing.

Finally point number five: on the question of faith; there will be times you would need to pray for a miracle and a miracle you will get. That is acceptable behavior. I would be worried if you were not praying for miracles a few times a year, especially in your earlier days.

But then if you need a miracle at every fork in the road, you are in the wrong business. Join the miracle pedaling industry. Praying and hoping for miracles is a big distraction and as your business matures and grows the need for these acts of God should reduce dramatically.

It is not that divine intervention should not be part of your business strategy – it certainly has its place; just remember that if you need it regularly then there is something wrong with your prescription, your business model or your strategy<sup>83</sup> and you need to focus on fixing that instead of trying to figure out why your prayers aren't being answered.

Why stop here? Surely there are more ways to screw up and since we are on the subject, why these and why this order? There may be a thousand ways to kill your business, but these are the ones that I got around to trying before I ran out of cash and Fawzia took away my credit cards.

<sup>81</sup> *What is realism? With revenues – money that you can take to the bank within a quarter, if not earlier; every thing else is optimism.*

<sup>82</sup> *Sunk cost. Amount that has already been invested (spent or expensed) and should be ignored from a cash flow based decision making perspective.*

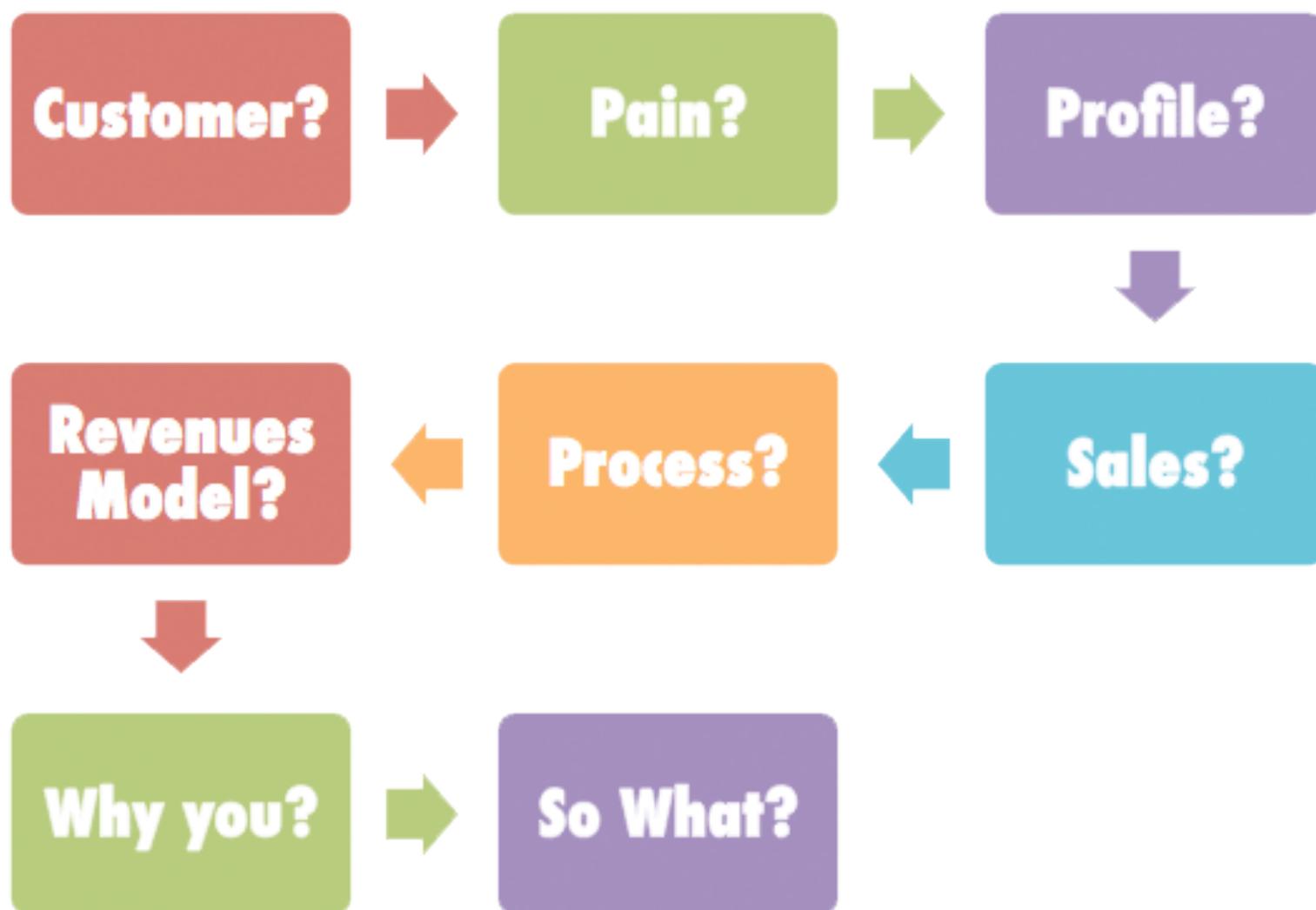
<sup>83</sup> *Not necessarily in that order*

My bills, my debts, and I can vouch for their effectiveness. The order reflects my personal biases and the impact the mistake had on my business and financial health. It also reflects the likelihood of my repeating this mistake either because it sneaks up on you and before you realize it you have taken the bait and slipped; or because it is so elementary that you find it hard to believe that anyone could be so dim to fall for it—until you actually go out and do it yourself.

*That is round about my story. I hope you learned as much by reading it as I did by putting it down on paper.*

*My last parting words of advice – Go ahead and give destiny a spin. Give yourself a break and do something interesting and meaningful with your life. Stand for something.*

*Don't wait for your Sarwar to show up. And if you have as much fun as I did and need to step back and recover your sanity, remember there is no other therapy like writing a book – especially if it takes five years.*



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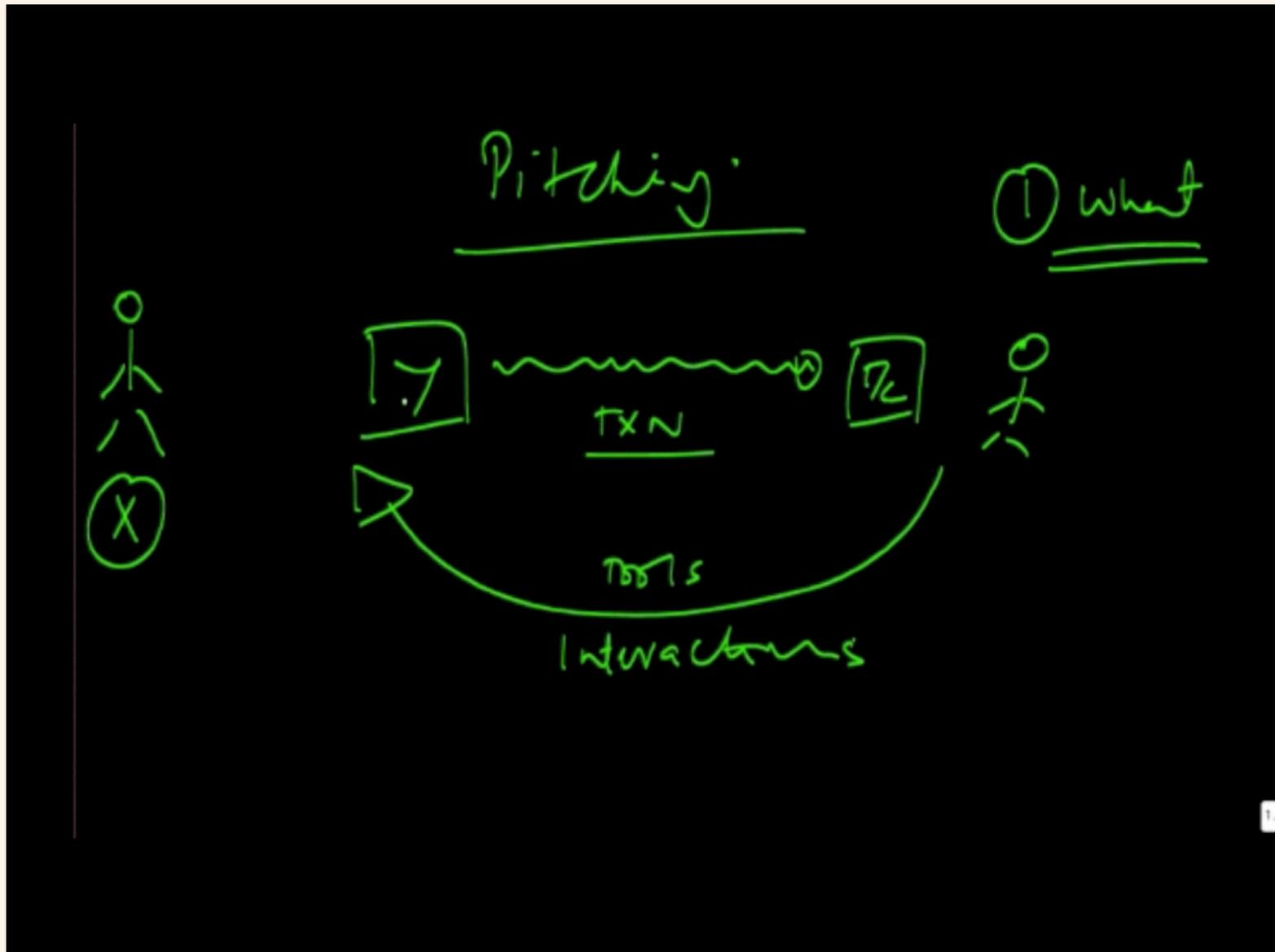
## BOOK THREE - PITCHING FOR STARTUPS

A pitch is a conversation with an individual who has something you need. The objective of the pitch is to influence the decision in your favor.

You may pitch to a customer, an influencer, an indirect buyer, a potential employee, an investor, a project partner or even a close family member. The object you desire could be as simple as consent, permission, approval or influence and as complex as a million dollar project proposal.

# AN IDEAL PITCH

## MOVIE 1 PITCHING FOR STARTUPS - INTRODUCTION



While elements of a pitch can be classified as an art, there is a process to putting a good effective pitch together. Jawwad Farid walks through ground rules of presenting ideas to investors and making effective sales pitches to customers. How do you get investors and business plan competition judges to take you seriously and make your pitch real and credible? What are some of the things you can do to work with your audience to leave a strong and lasting impression?

An ideal sales pitch focuses on the customer and his pain and how your product addresses and resolves that pain. It engages the customer using the tools crafted for great story telling and avoids generalizations. It is concise but also clear enough to show a credible road map to resolving the customers' pain. A great presentation is basically a

story telling exercise. Think of the best stage play you have ever attended. The ones that you still remember. What do you remember? Great stories and plays engage and connect with the audience, have a number of magical elements that bring the performance together, are well rehearsed and without fail move the group that witnesses the show.

Everyone has their own preferences when it comes to putting together performances. Some put it together in their head, others prefer paper. I sometimes start with pictures and then build a story around them, or build a story and then look for images to support it. There are times when I have told a story only with pictures and words and no supporting audio.

Regardless of how you start, you must build the following elements. A start, the plot and the pitch and the close.

A great start does a few things for your audience. It introduces you and your pitch in very clear terms. Ideally it should directly or indirectly answer the basic questions. Who are you, what do you do, and why should I care about it? And depending on how you do it, these three questions should be addressed within the first 90 seconds of the start.

Post the start you have a number of choices. You can begin the pitch or you can first introduce the path you would take to wow them.

Great plots unfold in layers. Each layer leaves a message and either reinforces the layer that preceded or sets the foundation for the material that is about to be introduced. Sometimes you put yourself in the customer's seat and ask yourself questions that need to be answered based on your story and theme. The plot that you then define answers each of these questions in a logical progression.

The close is an opportunity to reinforce the message and once again connect with the audience. Think of it as the start all over again accept this time you are putting together the final scenes for your exit.

Once you have a basic handle on your theme and the three elements (Start, Plot/Pitch, Close) then it is time to rehearse.

**Engagement**

**Plot**

**Respect my  
intelligence**

**Get to the point**

**Roadmap to  
credibility**

Rehearsals do a number of things for you. They allow you to test the flow, check the time, rearrange your mix and dry run delivery. Each rehearsal is an opportunity for you to improve and try presentation elements. The first few are done in private – in front of a mirror, on your desk, in the pool, while driving. Once you have some control, you can do runs in front of audiences and gauge reactions and impact.

Basic rule of thumb. For every twenty minutes of your presentation, rehearse two hundred minutes.

## The One Rule You Need To Remember

A natural starting point for an entrepreneur with product or technology based ideas is to begin their pitch with their product, or their technology mixed with whatever they feel or believe to be important as entrepreneurs.

We call this the black box, representing technology, infrastructure, inspiration, philosophy and mindset required to deliver a product. It's invisible to the buyer. When you buy a Reebok shoe or a Columbia jacket or an Apple iPad, you don't care about where it was manufactured or designed. You care about the experience and the impression the product makes in your hands. Anything inside the black box is invisible to the customer and doesn't have a direct impact on his interaction with your product/service/solution and should not be the focus of the pitch. Anything outside is part of the customer's experience, need and pain and should be the focus of the pitch.

Here is a piece of advice, when it comes to technology or the black box- do a quick intro and then walk away from features and walk towards the customers pain.

A pitch made to an investor is a mutated sales pitch; the content remains the same, we add additional information about competition, monetization, profitability and financials which are generally excluded from a sales pitch.

Investors also understand that the biggest hurdle a startup faces is selling. If they are comfortable with your ability to sell, the rest is just logistics and negotiations. If they think you can't sell, the conversation is over.

The reason why we can't sell as entrepreneurs is because we don't "get" the customer. A pitch focused on a customer's pain with a script that walks through how you will engage him addresses that concern for the investor. It shows that you "get the customer" and can make your products work for him.

# Mastering The Art Of Pitching

To master the art of pitching follow a four step learning roadmap.

**Voice of the customer**

**Building Customer Personas**

**Pitching case studies**

**Product – Feature – Pain matrix**

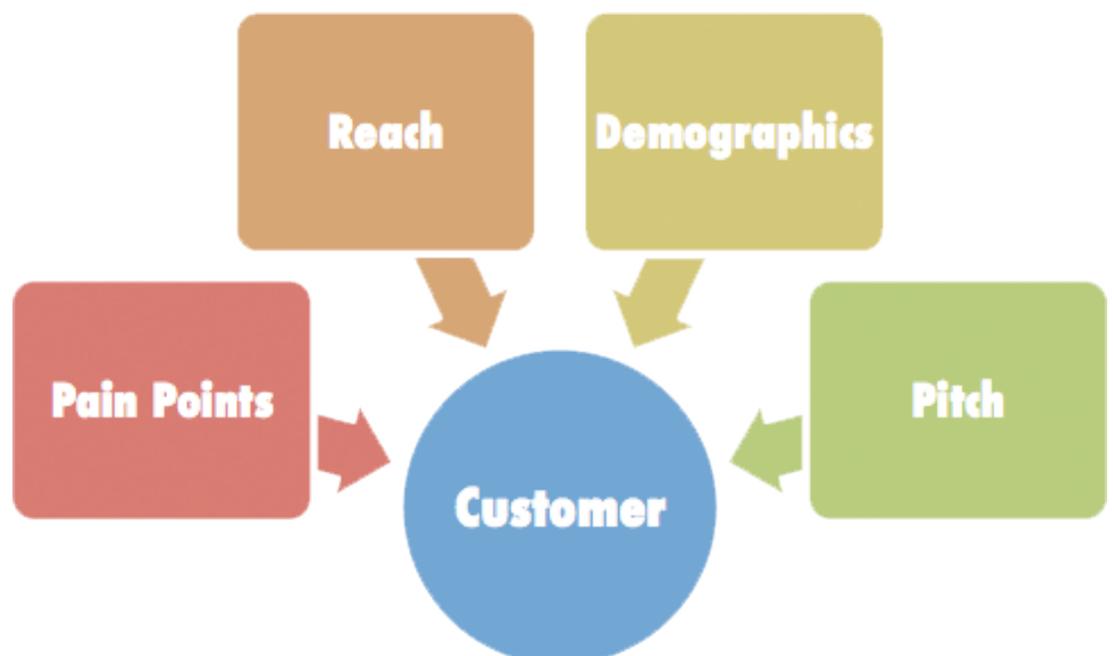
The first two steps focus on building customer Personas. The third walk through the pitching case studies video. The fourth focuses on an approach that allows you to identify the minimal acceptable feature set as well as priorities for your pain-product-feature-customer match.

## You Can't Rule The World.

Everybody wants to rule the world. You can't.

Pick a segment, use laser sharp focus to dominate it.

Easier said than done. To dominate a segment you need to live it, breathe it and understand it. When you do you can finally hear the voice of the customer and respond to it. Customers and investors love a fresh team rolling out a new product, service and solution that matches their pain and needs. "Where were you all of my life?" is generally followed by a purchase order and a check.



To understand the voice of the customer you can use a simple framework that uses pain points, demographics, idea channels for reach and rules for pitching.

We use a combination of all of these to create four separate customer profiles with varying levels of detail in the pages that follow.

## **FINDING THE VOICE OF THE CUSTOMER**

Every year before we start our weeklong entrepreneurial crash course at SP Jain I ask my audience two questions

**What is holding them back from following their dreams?**

**What is the one question that they would like to know the answer to after they are done with the course?**

It doesn't matter where the question is posed and who is in the audience, the most common answers to the two questions above are:

**How do I know this is the right idea and this is the right time?**

**How do I know I am ready?**

About 60% of audiences polled said that they felt that this was not the right time or they were not ready or confident enough to take that bet. Another 20% mentioned that they didn't know if their idea was a good idea or the right idea to start up with?

You know that it's the right time and you have the right idea when you can:

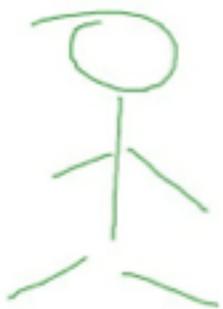
- a. Write 10 pages about your customer's persona.
- b. Link that persona to a product, service, attribute combination that gives you some idea of the pricing power of (ideally) each feature or (at least) the product in total.

Till you get to that point you are not ready.

## Who Is Your Hero?

If you think of your pitch as a movie with a plot, your best bet is to build a plot that revolves around a hero (or central character) that is looking, searching or seeking something. It could be the love of his life (500 hundred days of summer), his destiny (Titan AE and/or Treasure Island) or the meaning of life (Hitch Hikers Guide to the Galaxy) or simply escape (K-Pax with Kevin Spacey). Great movies get the audience involved from the beginning showcasing the pain and making them wish and pray for a happy ending for the central character.

Who is the Hero in your movie/pitch? No it is not you, nor the investor, nor the product. Your pitch is best delivered in third person and the pain you are documenting is the pain of the customer. And the story you really want to tell is the how badly he or she wants this pain to get fixed, addressed, nuked and neutralized. Somewhere in there, maybe towards the end is space for production credits (your profile) and maybe a sexy placement for your product (showing the hero using it in exactly the right context and scene where the audience is aware of the sub text and would love the usage). But all of that comes later; this movie is primarily about your customer.



Sounds easy, right, what seems to be the problem then. The problem is that a large number of pitches start with a customer profile as empty of details as the stick figure you see here. Who is this guy, where is he from, what does he feel, how do I find him, what do I say to him, will he bleed when I cut him?

Technically speaking what you really want when it comes to your customers profile is to draw a Mona Lisa. Ideally a restored edition that is rich with colors and details. You are still missing data but at least there is a face in front of you that you can now work with. You can now add details about demographics and profiles (age, education, job role, experiences, social preferences, reading interests, family size, ethnicity, political views, and personal tastes) and any other piece that helps you understand what drives this individual.

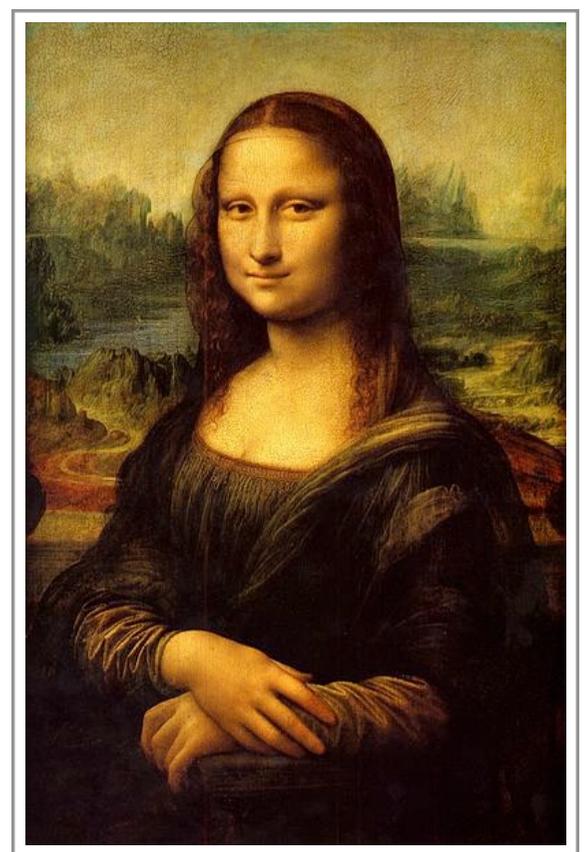


Image source: [http://en.wikipedia.org/wiki/File:Mona\\_Lisa.jpg#file](http://en.wikipedia.org/wiki/File:Mona_Lisa.jpg#file)

Once you have the Mona Lisa you can focus on the pain that would drive the hero of your movie to the transaction on which your plot is based. And you can link your plot to all the other questions the audience would like to ask about the transaction. Why, how, how much, when and where?

We are not doing KYC (Know Your Customer) from the point of collecting data and doing nothing with it. We are building a profile so that we can understand how we can help alleviate the pain he is suffering and effectively pitch our product in a way that he or she can easily appreciate it.

Imagine having a conversation with a customer where earlier you could only ask him "Do you like the idea and will you buy the product if I build it"? Now armed with the profile you have created you can ask him how he would use the product and what are the most important features that he would like to see first? You can engage him about why he would chose one version over the other and the value specific features represent for him. Rather than push for a close with your engagement you help him visualize how easy his life becomes with your solution as well as the value the solution creates for him. In the first conversation you would have come back with a possible commitment. In the evolved, engaged version of the conversation you come back with a roadmap, a commitment and in most cases a check.

Here is a simple example that illustrates my point. How many times in a year do you get a call from your credit card company and/or bank telling you about a home equity product, a personal loan product, a personal accident insurance plan, a travel consolidation scheme, a timeshare concept; basically everything in the world that you wouldn't need. For a change how would you react when the caller pitches the following:

*"Mr. Farid we have noticed that you travel a great deal and have breached your credit limit a few times during your international travel. I wanted to apologize for the inconvenience and wanted to let you know that we have approved an extension in your credit limit. I just need your approval on the phone to activate it".*

How many of us would be able to turn that down?

# Building Personas: List Of Questions

To find the voice of the customer you have to start with some basic questions. To sell your product you need to understand who is buying it. You need to understand how he reaches that decision and how you can reach him before he makes that decision? To be effective you need to predict purchase behavior and the only way you predict behavior is if you understand the customer better than he understands himself. What do these questions look like?

**Who is your customer – An individual or an entity? If the customer is an institution, who is the individual within the institution authorized to make the final decision?**

**When you close your eyes can you see him using your product? Buying your product? How does he arrive at the purchase decision?**

**How frequently does he use your product? How frequently does he end up purchasing it?**

**Why does he need your product? How would you describe the pain that leads to the purchase decision? Can you capture the essence of that pain in a single word?**

**Each product has many features? Which feature of your product is most valued by him? Why?**

While the above questions help, we need more specific ones that allow us to paint a portrait.

**How would you describe your customer? What is he like? What motivates him? How much time does he spend at home? On the road? On the phone? What does he wear? What does he drive? What drives him?**

**What does he do to chill out? Where does he go to eat? How many years of education does he have? His ambitions? His dreams? Who does he consult when he makes a crucial decision? How do you reach him?**

**If he starred in a story you were sharing with your grandmother, how would the story start? How would the story end?**

While the questions above are simple, the exercise that leads to the customer portrait is anything but.

The first iteration of describing your customer generates a handful of words and maybe a paragraph. Then you throw in the customer's pain and your product mix and play a game of mix and match. Ideally features within your product address a specific pain point. You then ask yourself if your product is the only available alternate or if there are others? If there are others, then using your portrait of the customer how do you change your product to make it the only or preferable choice?

When the persona works, you can close your eyes and see the customer in your mind.

## Customer Persona # 1: Tanya – Work Related Transportation

*“Tanya, age 25, works with a consulting firm located in Nariman Point, in Mumbai. She lives in Bombay Central, and takes a black-yellow four wheeler taxi to work each day – this is the fastest way of travel for her.*

*On a typical day she starts from home an hour before her office starts. The first 45 minutes of her travel time are spent in covering the initial 25% of her journey. This is the most frustrating time for her in the day as she is battling several challenges at the same time; the stress of late arrival, the increasing fare on the meter, the smog from traffic congestion, and the heat within an old, rusty, taxi cab.*

*And if she is marked late, poof her day has gone for a toss even before it started!!”*

If you close your eyes can you see Tanya in your mind? Can you hear her voice? Based on this description of the customer, what do you think the group is pitching?

**Heels on Wheels (see movie 7 - Pitching Case Studies)** was a dedicated two wheeler commuting option for young working women who want to share a quick ride to work with another working woman. Inspired by the Tuk Tuks of Bangkok, Vinita, Kiru and Santosh in Dubai, wished to bring a similar localized option to the congested streets of Mumbai.

Visualizing the customer is only the beginning of a long road. The next step on this journey is figuring out how to reach, influence and convince her.

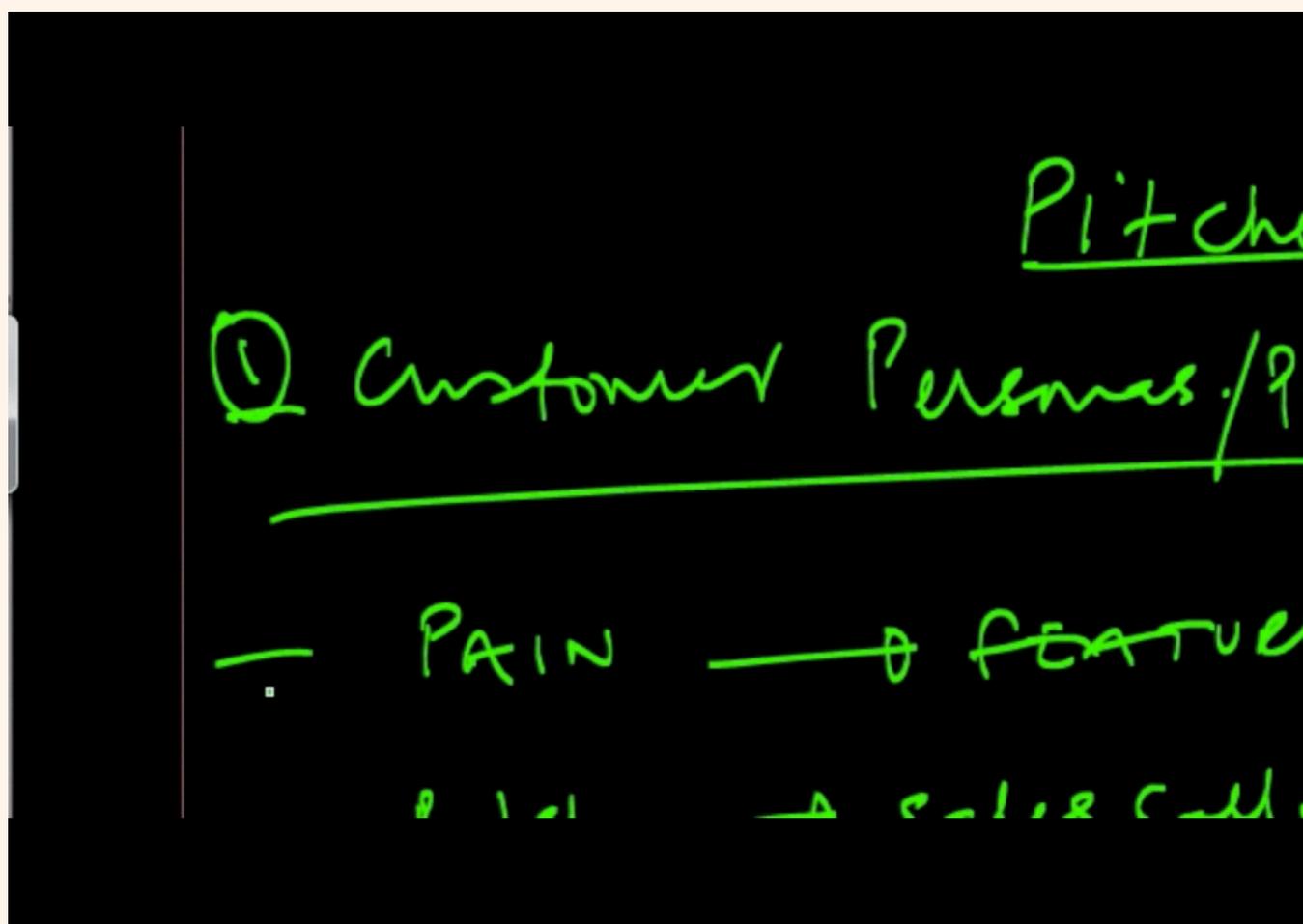
How do you find all the 'Tanyas' in Mumbai? When you find them what do you tell them? How do you modify and customize your product to meet their exact needs? Whether it is a pre-planned daily pick up every morning, six days a week, or a choice of routes to Nariman point; the model of the two wheeler that comes to pick her up or the

profile of the woman steering the bike? Is Tanya looking for the cheapest and fastest commute to work, or a more stylish, comfortable ride? Is she looking for a driver, a friend or a psychotherapist? You won't know till you actually find her and ask her.

This triangle between the customer, your product and product feature set becomes the centerpiece of your effort to describe, document and understand the customer. Getting this triangle right is not easy. It requires conversations with customers, insight into your product, its usage, competitors and a realistic feel for what is needed and wanted versus what is just an item on a nice to have list.

Get the triangle right, pitch it correctly and you will have no problems signing investors and customers at the same time.

## MOVIE 2 PAINTING YOUR MONA LISA - USING THE CUSTOMER DEVELOPMENT FRAMEWORK TO BUILD CUSTOMER PERSONAS



The problem is that a large number of pitches start with a customer profile as empty of details as stick figures. Who is this guy, where is he from, what does he feel, how do I find him, what do I say to him, will he bleed when I cut him? Technically speaking what you really want when it comes to your customers profile is to draw a Mona Lisa. Ideally a restored edition that is rich with colors and details. While you are still missing data but at least there is a face in front of you that you can now work with. You can now add details about demographics and profiles (age, education, job role, experiences, social preferences, reading interests, family size, ethnicity, political views, and personal tastes) and any other piece that helps you understand what drives this individual.

## Customer Persona #2: Investment Advisory For Benefit And Trust Funds

We will try and build a detailed persona for a service packaged as a product. The idea is institutional investment management and advisory for benefit and trust funds. The question is how to pitch or who to pitch to within an organization.

The high level pitch is simple, we run money for employee benefit funds without taking custody of the funds. Our advice allows customers to earn a higher return than the market benchmark. The primary decision maker is either the CEO or the CFO who is also the Chairman of the board of trustees of the benefit fund trust.

Let's try and build a profile which is as visual as our Tanya from Mumbai.

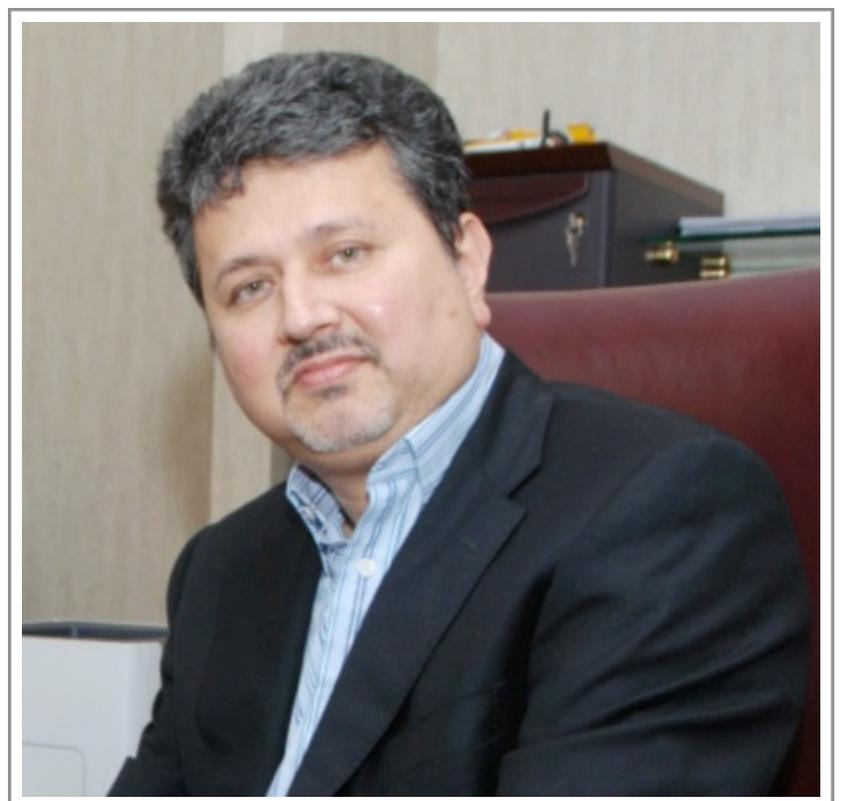
### Step One: Visualize The Customer

The first step is to close your eyes, lean back on your chair, take a deep breath and imagine what would your customer look like?

Salt and pepper hair, 50+, armed with a MBA or accounting degree, marketing background, 20 - 30 years of professional, two maybe three decades of international experience.

While this is a great starting point it's not visual enough. We need to add more details. To do that we need a picture, any picture that allows us to put a face to this segment of individuals. What would he look like?

I picked up someone I had pitched risk solutions to in another life who is also a great candidate for the Investment advisory pitch. The profiled picture is important because it allows you to put a face on the segment.



The next question you want to ask yourself is, if you found yourself in the same room with this individual what topics would you touch upon as part of your social chit chat?

Schools for kids (**is he married, does he have kids, how many?**), the state of the economy (**which daily and weekly periodicals does he read? online rags?**) and markets (**fixed income, equities or both**), politics, mutual peer group and friends within our network, the central bank stand on common issues and travel plans for summer and winter vacations (**where to, which airlines**).

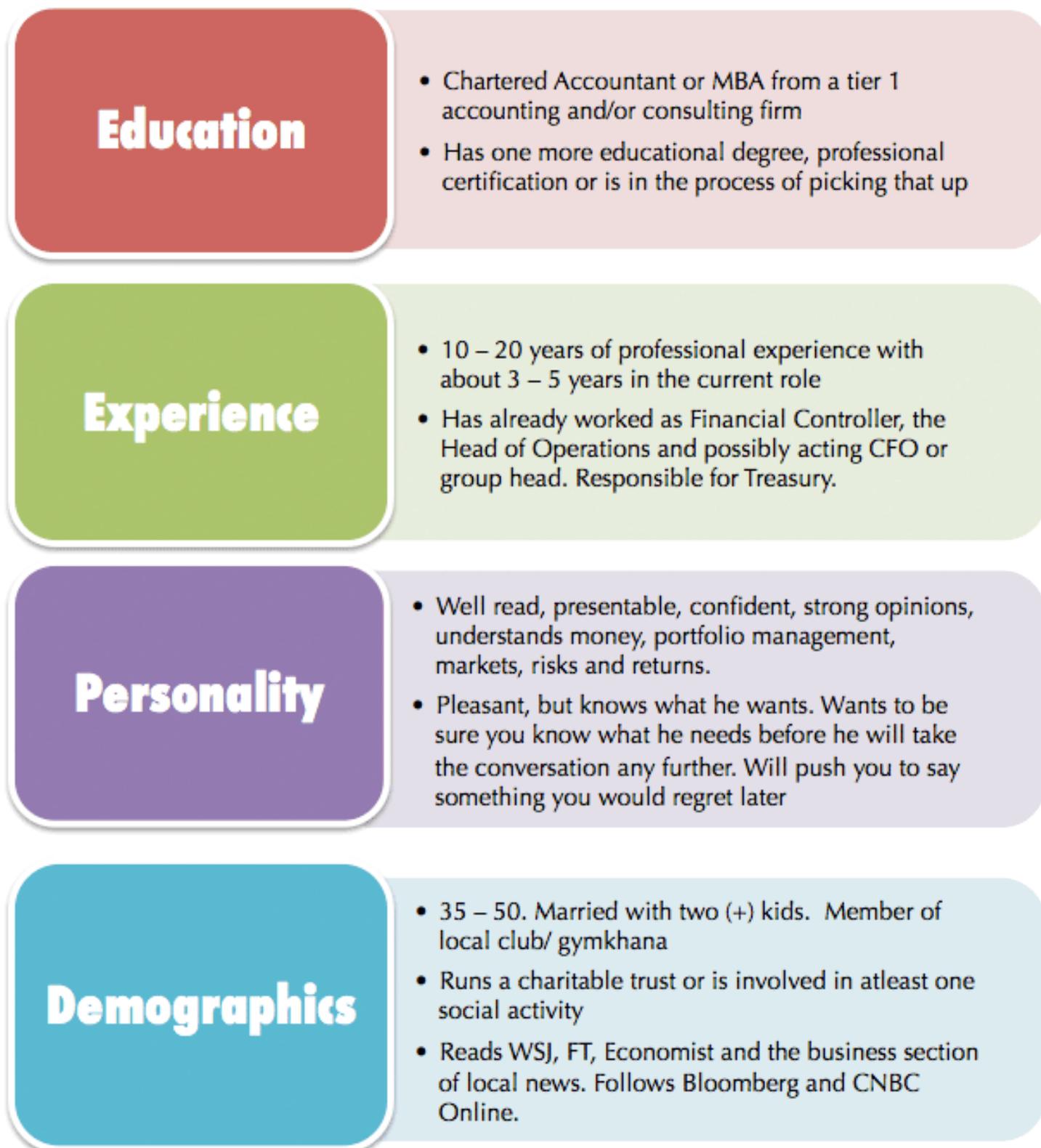


How would he answer some of these questions? For example, let us assume that our candidate is based in the Middle East and travels quite frequently. We know that the airline of choice for him would be Emirates. If you asked him about Emirates what would he say?

“As I have grown older, my appetite for adventure has been replaced by a desire for consistency. I no longer like surprises when it comes to food, hotel rooms, airplane seats and airports. And while Emirates has recently started having issues with age, it has done a remarkable job of delivering consistent services to its frequent fliers. Beginning with food, flat bed business class seats, skywards program, the ease with which you can upgrade and check in online, the number of free upgrades you get and with their travel schedule and lounges across the world, there is no other airline that comes even close in the region.”

## Step Two: Fill In The Blanks

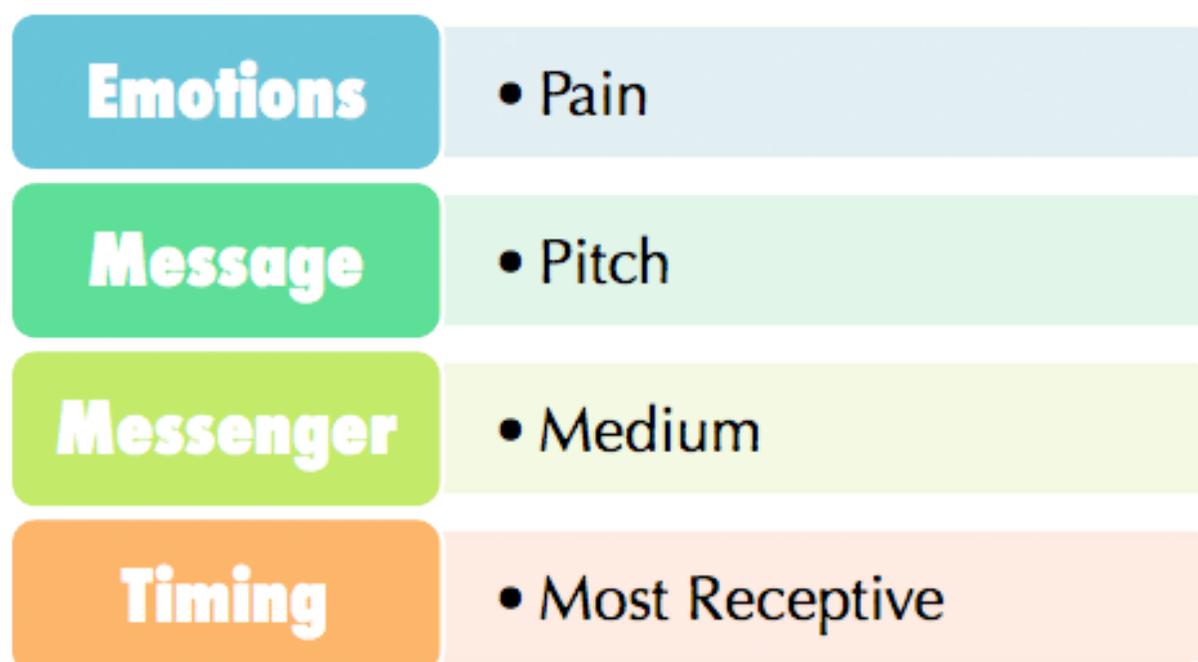
But to get to common interests we have to build a more detailed profile that covers education, professional experience, personality and demographics of the individual involved. These are useful pillars to build a profile around. Let's fill these in.



Next, we have to figure out why this person would buy the product we are selling. What drives the purchase decision and what are the primary pain points he wants addressed through this purchase.



It helps to round out the profile if you can focus on emotions and reach (message, medium, timing) questions.



Is the customer in pain right now? Is he aware of it? What is he taking for it? How does that help him? Why would he want to switch? Do we have what he needs?

Or

When will the customer start feeling the pain? How bad would it be? What would be his expectation for pain relief and paying capacity? How will he find out about us?

Or

How does this pain manifest? How would you describe it? In levels and layers or in one dimension? Which level, layer or dimension do you target when you sell relief? When you meet the customer how do you sell, pitch, present the product?

But it isn't enough to ask these questions and answer them. You also have to validate these answers by talking to customers, pitching to them and hopefully closing a deal that validates your sales and customer pain pitch.

Steve Blank did a great job with his **customer development check list** to frame the question "who is the customer?" Using Steve's framework you add two more questions:

1. What would a day in his life look like without your product?
2. What would a day in his life look like with your product?

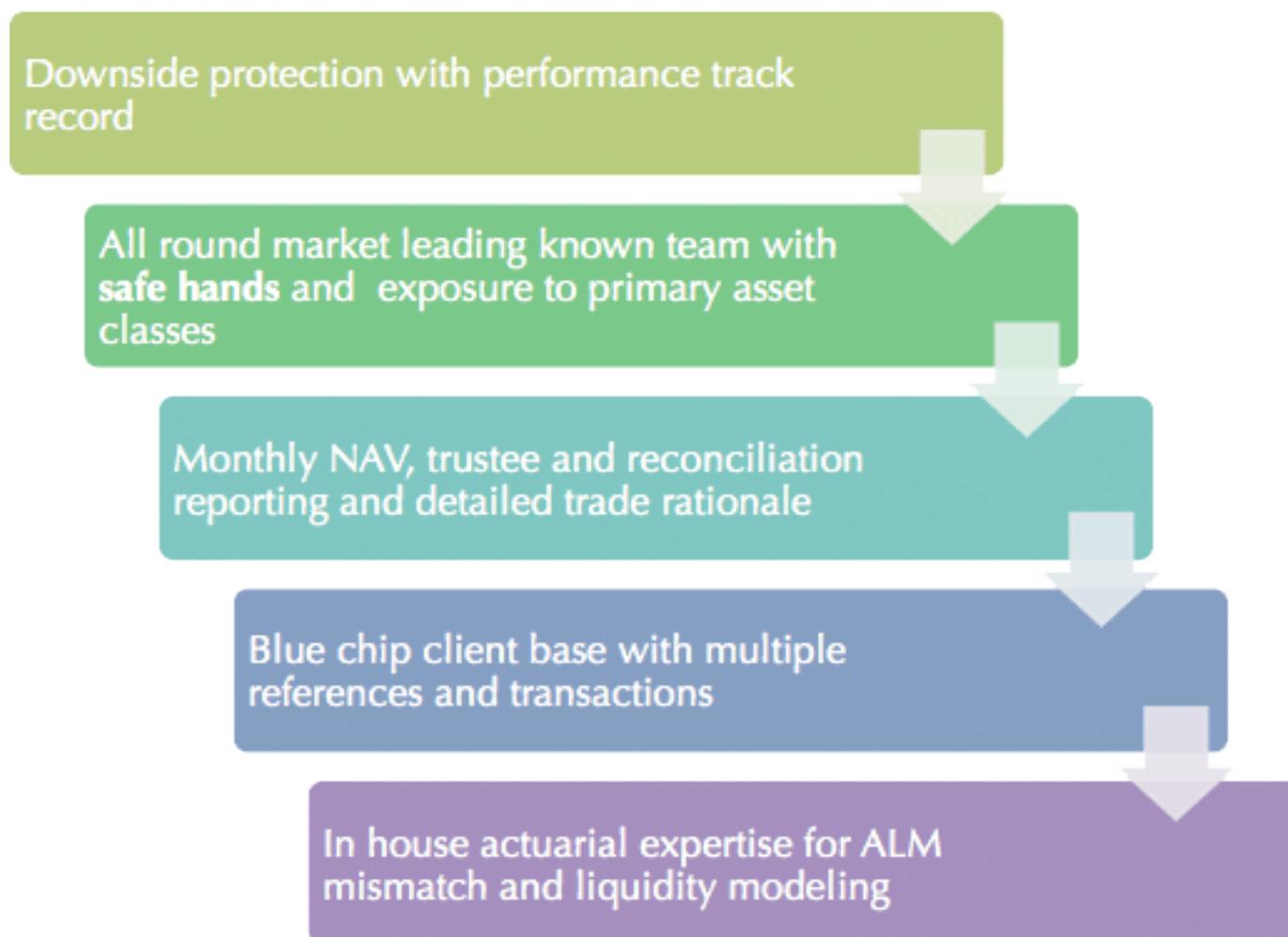
How do you frame these questions in your pitch? Use your answers to script the scene in the movie where the customer walks into focus, uses your product and changes the world permanently.

Once you have these two pieces in place you are well on your way on your personal roadmap to credibility. The only questions you have to answer now deal with whether the customer will buy your product, for how much and will that be enough for you to make a decent margin and scale.

If the answer is no, he will not buy your product, you need to go back and decide what needs to change in the customer, pain, product, feature, price combo for this relationship to work. It is an iterative process.

How do you use the persona to craft a pitch and a solution? Based on what we have identified about the customer and his pain, our pitch and solution comes in at two levels. A high level, attribute driven presentation that ties in with what is important to the

customer focused on the themes of value, integrity, execution and yield, followed by a solution designed based on the identified pain points:



### Customer Persona # 3: Placement Services

Our third example is also based on a service sold to institutional customers. A rising young banker is set to explore the concept of an institutional recruitment practice. With him we look at setting up a high quality talent acquisition firm in the Middle East. To start with we have to figure out what do heads of HR look for when selecting a firm to represent them in the hiring process.

The initial list includes description of the following core pain points, which then become the basis of the product attributes that will be used to sell the product to the customer.

#### **Talent Management - Quality of candidate**

Ensuring that the right guy gets the right offer, not because we are out of time and need to fill the position. Shortcuts may be taken that we may end up paying for later.

Product attributes: Process, Checklist, Assessments that test fit, Background, Compliance with local immigration regulation.

### **Recruitment - Time Management**

Conflict with existing mandates and positions. May not get the right priority in search or execution.

Product attributes: One stop shop. Does everything with one relationship.

### **Cross checks - Hassle of the process of hiring**

Managing a complex process of approvals, paper work, processing that may derail the process of visas and offers permanently.

Product attributes: One stop shop. Does everything with one relationship.

### **Times a wasting - Opportunity Cost**

Can't launch a business without the right team, may lose market share.

Product attributes: Guaranteed delivery of 10 resumes within 7 days. Turnaround times based on seniority level of candidates.

### **Exploding offers - Competition for Talent**

Closing the deal in face of competing offers, requires the right approach and mindset and is an art that cannot be executed by everyone.

Product attributes: Market based benchmarks for existing or similar offers. Market value assessment based on profile of candidate. Negotiation team dedicated to closing an offer within 3 working days.

### **Focused Search**

Specialized talent needs specialized networks.

Product attribute: 10 years in recruiting within the financial services segment in the ME. Personal account manager, team of specialized recruiters, database of available candidates with profiles, existing network established after 20 years in banking across 4 different markets.

### **Fast and Furious 4 - Experienced with Process**

Hunt, Kill, Offer, Close within 4 weeks.

Product attribute: 10 years in recruiting within the financial services segment in the ME. Personal account manager, team of specialized recruiters, database of available candidates with profiles, existing network established after 20 years in banking across 4 different markets.

## Customer Profile

The only thing missing now is a detailed profile of the customer (Title and Role: Head of HR) which we fill in piece by piece.

Demographics, work practice, work ethic:

- ❖ Age: 45+
- ❖ Currently recruiting for 10 Plus strategic positions and roles
- ❖ Office hours: 8 am leaves 9pm
- ❖ Lives in new Dubai, in or around Marina Walk
- ❖ Compensation is 300,000 US\$ a year excluding bonus
- ❖ With the bank for the last 10 years
- ❖ Good power base, knows the Chairman, the CEO and the board
- ❖ Knows the business plan and its execution
- ❖ Part of the strategic team and a Key Decision maker
- ❖ Chain Smoker with Blood Pressure and Over weight
- ❖ Very active socially and extremely extrovert and very approachable
- ❖ Strong opinions - is always right
- ❖ Travels very frequently
- ❖ Reports to the CEO
- ❖ 3 kids
- ❖ Day starts at 6:30 am and end at 11:30 pm at night
- ❖ No exercise and no secretary
- ❖ Well connected within your network
- ❖ Plays Golf every alternate Saturday excluding the summer months

Now that we have all the pieces, it's a simple extension to go out and create a pitch that works in the best elements of the above profile, the pain points and the product attributes.

## Customer Persona # 4: Business School Students

While the previous two personas we built focused on institutional selling linked to an individual, our last case study is aimed at a retail customer segment.

A business school student enrolled in a top ranked graduate degree program.

What do business school students buy? Books, meals, student loans, test and interview prep materials, vacations (after the signing bonus has been banked) and jobs (despite the recession hiring top talent is still very much a battle field).

Rather than build it ourselves we worked with a group of MBA students and asked them to put together a detailed customer persona for a business school student. The primary question posed to the group was:

What does a typical North American MBA student look like at a top 10/ top 20 business school? How would you start building a customer profile for business school students?

How would you sell 3 different knowledge based products to them?

We started off with a day in the life of my customer technique.

### **A day in the life of a business school student**

- ❖ Up between 5 and 8 am. Goes to sleep around midnight
- ❖ First and last things done during the day: Prep, review, exercise, connect, catch up
- ❖ Head to the first class that starts at 8:20
- ❖ May have 3 - 4 classes on a given day. Up to 18 hours of instructions in a given week
- ❖ Has about 6 planned work, networking or recruitment related sessions in a given day
- ❖ Review case, answer questions, print out submissions. Stop in the Library or Career Office. Head out to the break out room. Grab a drink (Water, Juice, Gatorade, Ice Tea or Coffee) between classes
- ❖ Decide where to grab a bite, attend a lunch networking session, sit with classmates, group mates or friends. Catch up on the world during the bite break, head back to classes

- ❖ Review cases due for analysis and discussion. Sit down with group to review submission or assignment
- ❖ Look up jobs, speakers list for this week or next. Find out what is happening on campus
- ❖ Go for a break, jog, run, bite, drink after school or depending on the case load just drop
- ❖ Head back to room to do work, chill, relax or catch up and connect

### **Sources of Stress at Business School**

- ❖ Assignments, submissions, networking sessions, interviews, shortlists, career related stuff, second and third term tuition bills

### **Single biggest source of stress by term**

- ❖ First Term: Grades
- ❖ Second Term: Internship
- ❖ Third Term: Full Time Offer
- ❖ Fourth Term: Full Time Offer followed by risk of not performing and getting laid off
- ❖ Post Graduation: Student Loan

### **Demographic bucket - Business School Student Age Group**

- ❖ Between 25 and 35
- ❖ Higher ages spreading out over 5% or so
- ❖ Most students are in the younger bracket with the most common age being 27 - 28 years old

## 25 - 28 Age Bracket for MBA students

- ❖ 2- 4 years of professional work experience - in most cases a single function job with one or two employers. Most likely banking or consulting
- ❖ More likely to be single than married, US resident versus international
- ❖ Focus on recruitment and placement
- ❖ Very competitive but also concerned about social circles, standing and network
- ❖ Using the business school to upgrade compensation and prospects



## 28- 32 Age Bracket for MBA students

- ❖ Married, sometime with kids
- ❖ More likely to be international with a broader professional exposure
- ❖ More likely to use business school to switch careers and professions
- ❖ Concerned about placement but have a few back up options
- ❖ More concerned about acquiring the right skill set
- ❖ If international most likely to head back home

## 32 - 37 Age Bracket for MBA students

- ❖ Not at business school to switch career or look for placement
- ❖ Most focused on education & acquiring skill sets

## Short Profile by Age group for Business School students

<b>Profiles/Segments</b>	<b>MBA - Younger</b>	<b>MBA - Middle</b>	<b>MBA - Elders</b>
<b>Age</b>	25-28	28-32	32-37
<b>Experience</b>	2 years	4 - 8 years	10+
<b>Background</b>	Banking or Consulting	International / Independent	Independent
<b>Marital Status</b>	Single	Single/Married	Married
<b>MBA Motivation</b>	Career Progression	Career Switch	Learning & Skill Acquisition
<b>Net Worth</b>	Still paying off Student Loans from undergrad degree	Negative	Significantly Positive
<b>Spending Power (in USD)</b>	Up to 200+ a term	Up to 400+ a term	Up to 1,000+ a term
<b>Rationale for using a supplementary resource</b>	Do well in an interview, Do well at job	Do well at interview. Learn something new	Learn and Master a new skill
<b>Interest</b>	Finance. Excel Models	Finance.	Background dependent
<b>Ambition / Aspiration / Choice between offers</b>	Compensation and bonuses since it helps pay down loan balances. Career prospects 2 - 3 years down the road. Nature of work, relocation requirements.	Compensation followed by what works best for the family followed by nature and type of role and responsibilities at the new job.	Nature of work. Last chance at a career switch.

Evaluating an online Learning product	
Pain Points	Factors
Grades and Class Assignments	Great grades are one part of the selection process
Career & Placements	Can you help in picking up the language, staying in touch with what's happening in the world of finance, conversational topics?
Knowledge	Industry trends, compensation levels, economic outlook, investment guidance, opinions and views

So the final questions posed to the class and their assignment during this session were:

- a. Design three separate knowledge products for this group and sell them
- b. Identify as many possible practical & addressable segments

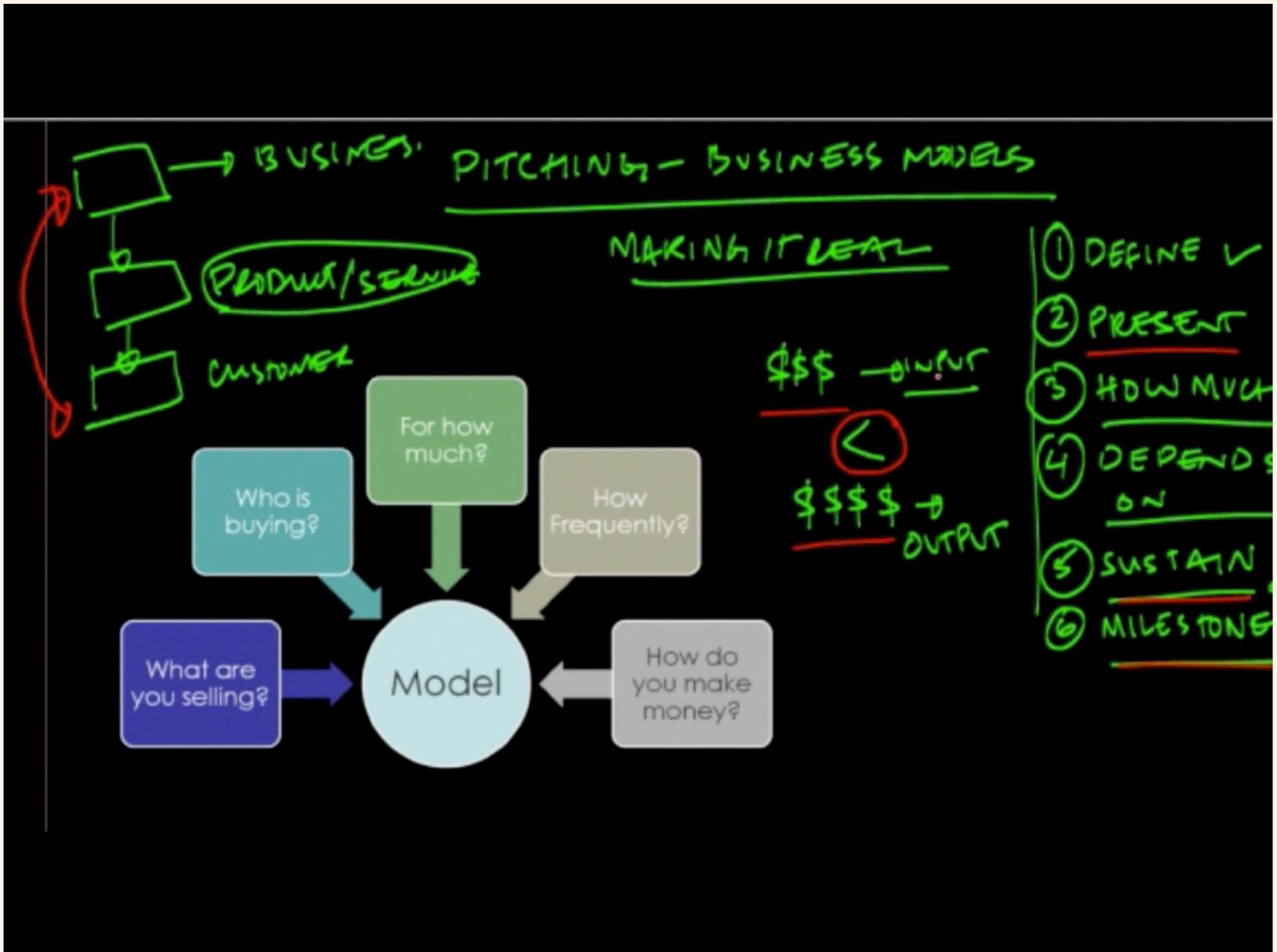
How many segments can you really make from the above profiles? Which segment would you chose for your knowledge products? How do you know a segment is large enough or even profitable enough for you to begin work with it?

Here is some raw data to help you along. More than 200,000 students take the GMAT exam every year. Business school students in North America produce over 120,000 Master in business graduates every year and about 300,000 undergraduates.

## Sidebar – Build a customer persona!

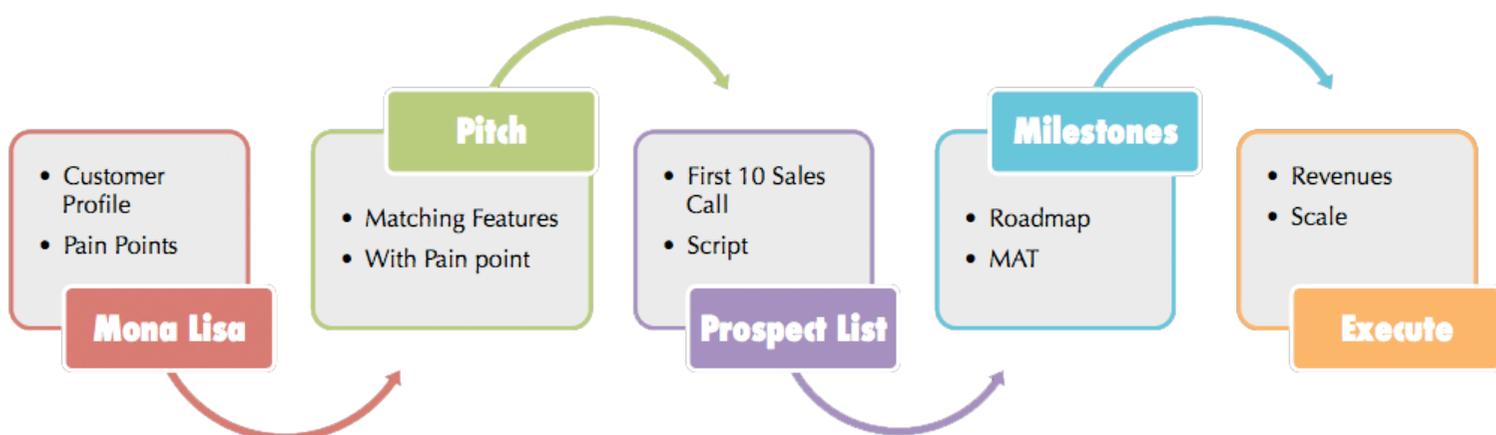
- ❖ Look up High Sierra Bags
- ❖ Build a customer profile for people who buy the High Sierra Brand
- ❖ How would you sell a High Sierra Bag to the graduating class at an ivy league business school?

## MOVIE 3 BUILDING YOUR ROADMAP TO CREDIBILITY

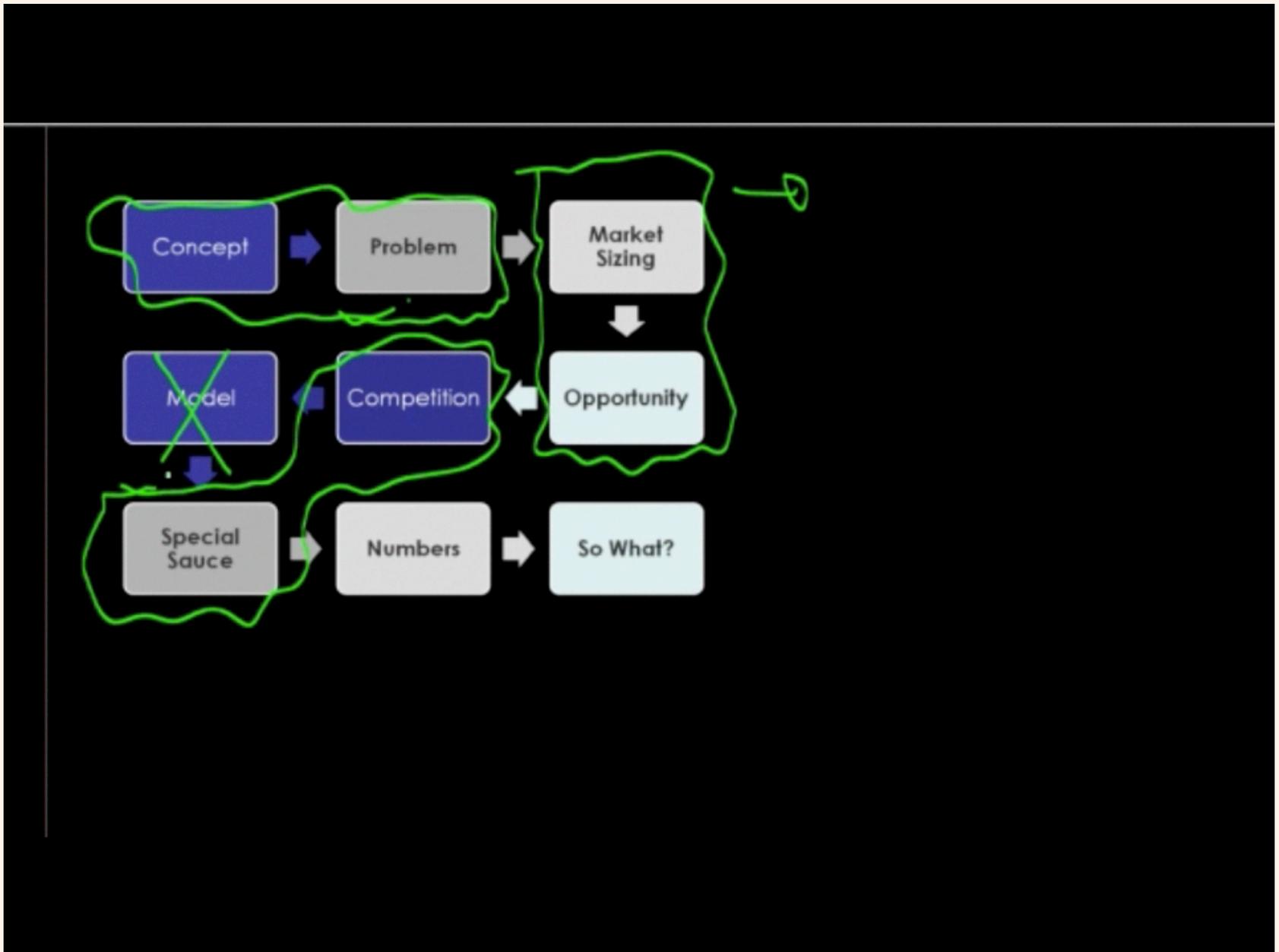


Your roadmap to credibility is the list of questions you have to ask as well as answer so that your business model can get to the next stage. Starting up, we need a framework or a mind map to build a task list - a list of steps you need to follow to make your startup and your pitch real.

### Road map to credibility



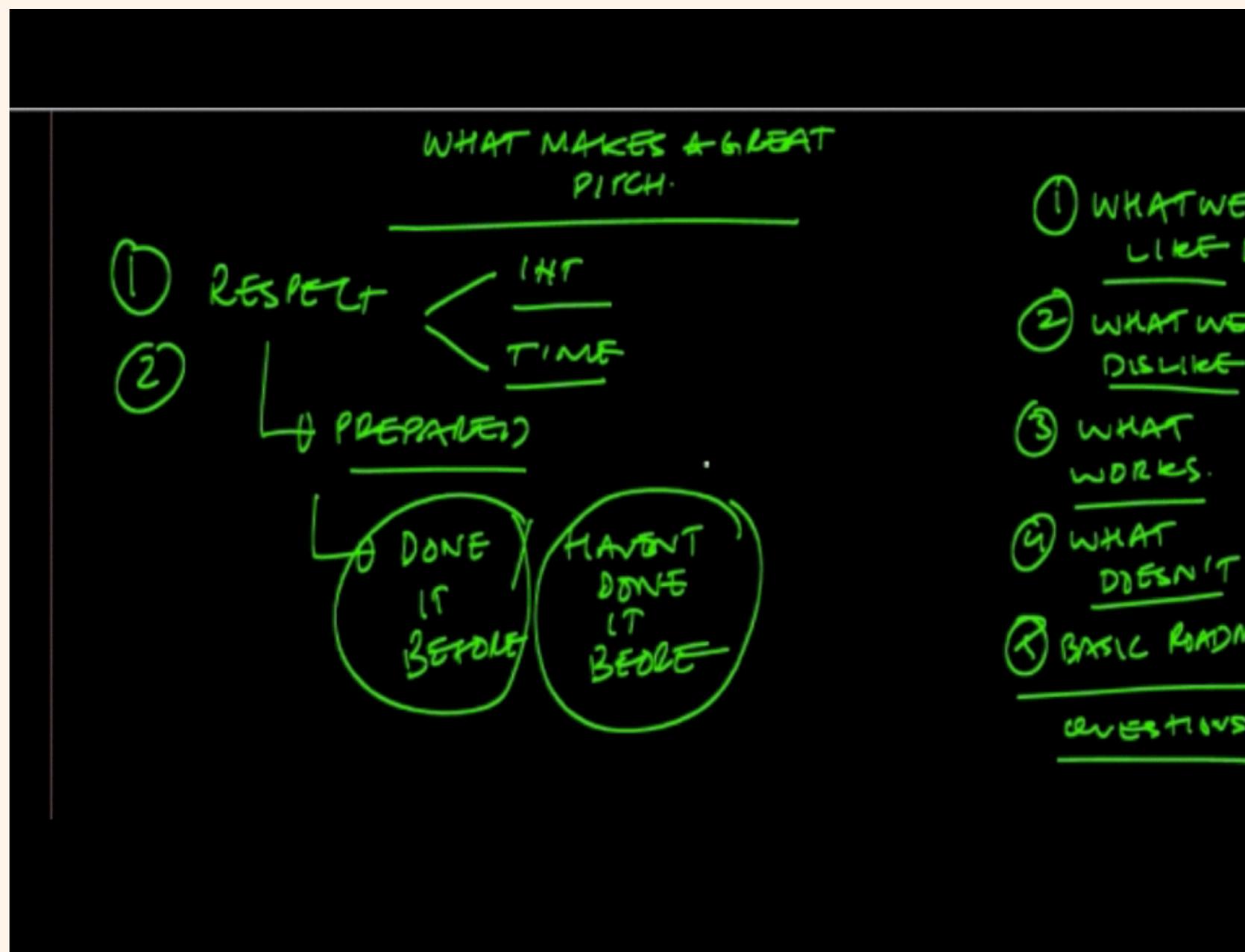
## MOVIE 4 COMPETITIVE ADVANTAGE & COMPETITION



Competition and competitive advantage is reviewed. Teams are often confused about what is a true competitive advantage. Scale, technology, intellectual property and captive customers, the most likely advantage for your startup when you have capital and when you don't including linking that advantage to your understanding of customers are discussed.

# A NOTE ON BUSINESS PLAN COMPETITIONS - THE REASONS WHY YOU DIDN'T WIN

## MOVIE 5 BRINGING IT ALL TOGETHER - WHAT JUDGES LIKE IN A PITCH



Everything introduced so far is put in a complete pitch for a new idea or product. Likes and dislikes and what works and doesn't work in a pitch, the list of questions to prepare for and how the pitch should be a performance are discussed.

I am often asked, "Why do you decline or reject participants to the various business plan competitions you judge here, in the Middle East, in the Asia Pacific region?".

Here are some notes as a judge who has been evaluating business plan pitches for the past eleven years.

# Winning Business Plan Competitions

## Step One: Make It Beyond The First Cut

Your first challenge as a startup in any competition is making the first cut. As judges we generally receive about 10 – 50 times the number of entries compared to the number of prizes that we can give away or slots available for recognition. So if I have 75 entries for 3 grants or slots you have to make it beyond my first cut. The first cut is the initial short list a judge draws that he wants to focus on after his first pass on the contestants. Making the first cut is partly a question of discipline and partly a question of effort. Here are some of the things that impact how business plan competition judges create a first cut:

### **Fit With Category Or Business Plan Competition Theme**

If you are pitching for a Social Innovation Fund run by a technology association, please make sure that you clearly and adequately address how you are going to go about bringing a social revolution using technology. Before you make the pitch, try and pass it by the smartest people you know to check if it makes it beyond their “sufficient and necessary” condition test. A sufficient and necessary condition tests the linkage between your reasoning and its relevance and appeal. Just because something makes sense to you, does not mean that it will make sense to the judges.

### **Answer The Questions**

The pre-qualification sheet business plan competitions use is your worst enemy. Each competition has a selection criterion; each element of the criteria gets translated into a number of questions. You have to answer the questions keeping in mind the theme of the competition. Take the questions and the forms seriously and spend as much time on answering the queries as you would in crafting the cover letter of your life for the job of your dreams. Think about why the question has been asked, how others would answer it and what can you do to really stand out amongst all of those answers. Not filling in the form, filling it flippantly or dumping irrelevant marketing collateral are all mistakes I have made in the past that have cost me. I would rate this as the single biggest reason why participating teams get chopped off my list. You are really close to your idea. I am not. I can't see what you can see. You have to help me see it with your eyes.

## Make My Life Easier As A Judge

While as an investor I may have a commercial interest, as a judge most of the work I do is without any fees or commercial considerations. I do it because judging ideas and helping teams reach their commercial potential is an incredibly fulfilling experience. It keeps me young.

Having said that, given the number of companies that I need to wade through to get to the few that matter I really appreciate it when an applicant goes out of his way to provide me with information, data, arguments, testimonials and relevance that make it easier for me to grade him. When a presentation or submission is done well it is an indication that the person presenting respects our collective intelligence and time. He has made the effort by structuring and rehearsing his pitch to ensure that we get what we need quickly, to grade him and move on to the next contestant. I really appreciate that as a judge. There are some very basic rules that you have to follow.

### Step Two: Get Beyond Love, Get Specific

Once you have made it beyond the first cut, a judge has a really tough job. If I have three prizes with 75 entries I may pick as many as six winners for my short list. These winners have all made it beyond my first cut because they fit the business plan competition theme, they have answered the question, they have scored high and they have all made my job easier as a judge by giving me the information I need to score them. They all love their ideas, this much is apparent but they have also helped me see why their idea is worth loving.

Now comes the tough part – how do you pick the first three and how do you rank them? Most competitions that I judge are implementation oriented. We give away a cash prize in the form of a grant. Depending on the nature of the competition and grant the participant may have to reach a few milestones to complete the terms of the grant and our effectiveness as a judge may be linked to how many participants reach these milestones.

To assess if you can reach these milestones as a judge I generally need to understand:

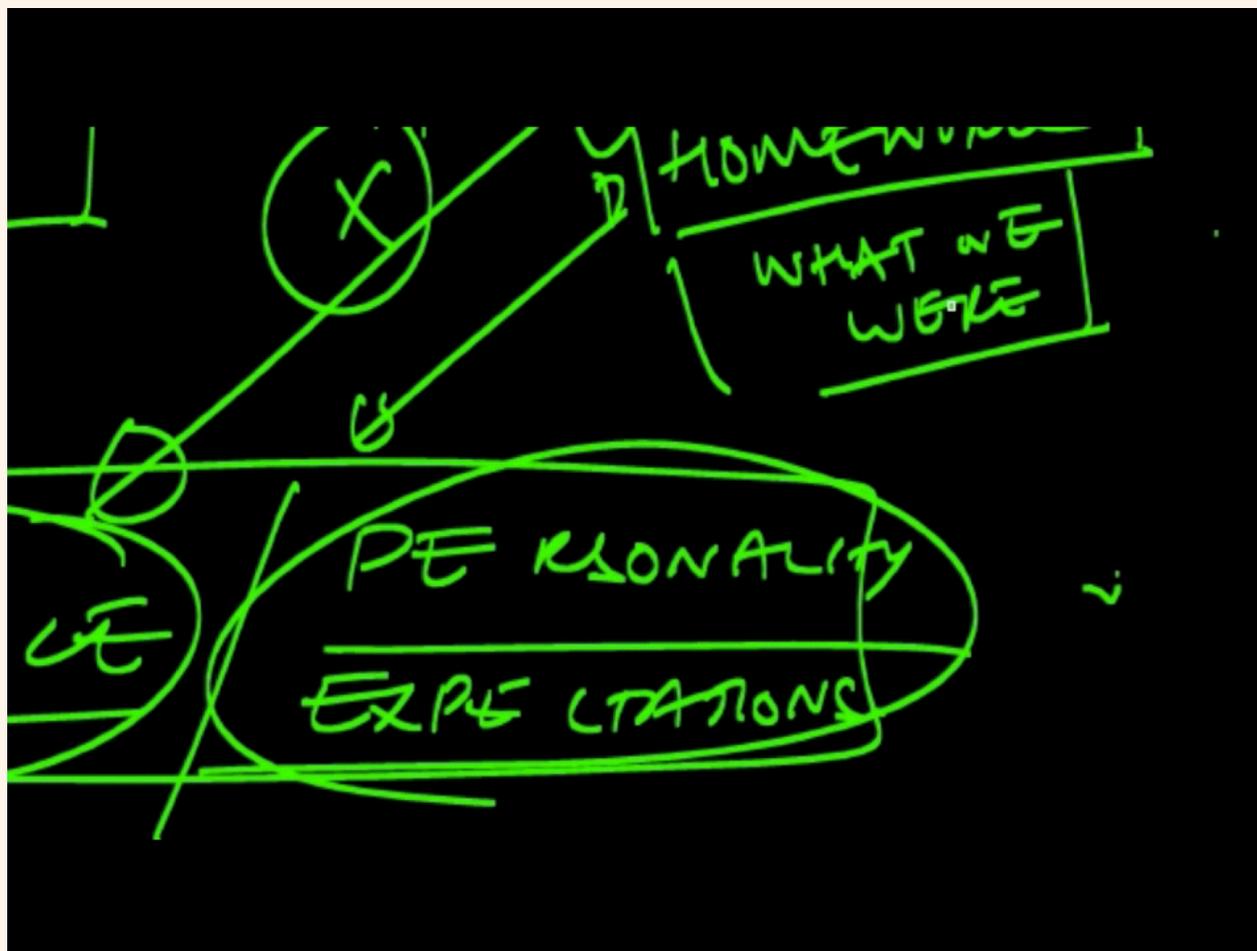
- a. How do you make money or your business model?
- b. Who is your customer or your customer profile?
- c. Why would they buy a product or service from you?
- d. Who are you and why are you relevant to this idea?

- e. How well do you understand the problem being solved?
- f. How credible is your roadmap? Do you even have one?
- g. Will giving you this money really change our world?
- h. Do you really need money to make this work?

Unfortunately my bias has always been towards implementation. If your idea in its first phase will simply generate a report, I will most likely shoot it down. On the other hand if you can take the cash grant and ship version one of your product within three months I may become one of your strongest supporters. I want you to go out in the field and touch customers, to sell to them, to handle rejection. But remember saying that you will and your ability to do it are two separate questions and over the years as judges we have developed our own tools for assessing your ability to deliver. A large number of these tools rely on how credible your answers are to the above questions.

If you do an outstanding job you are in my second cut. If you don't you are not. So we are now down to the top three. How do I rank them and pick a winner? You would be surprised by the answer. I don't, you do.

#### MOVIE 6 BRINGING IT ALL TOGETHER - COMMON MISTAKES & WRAP UP



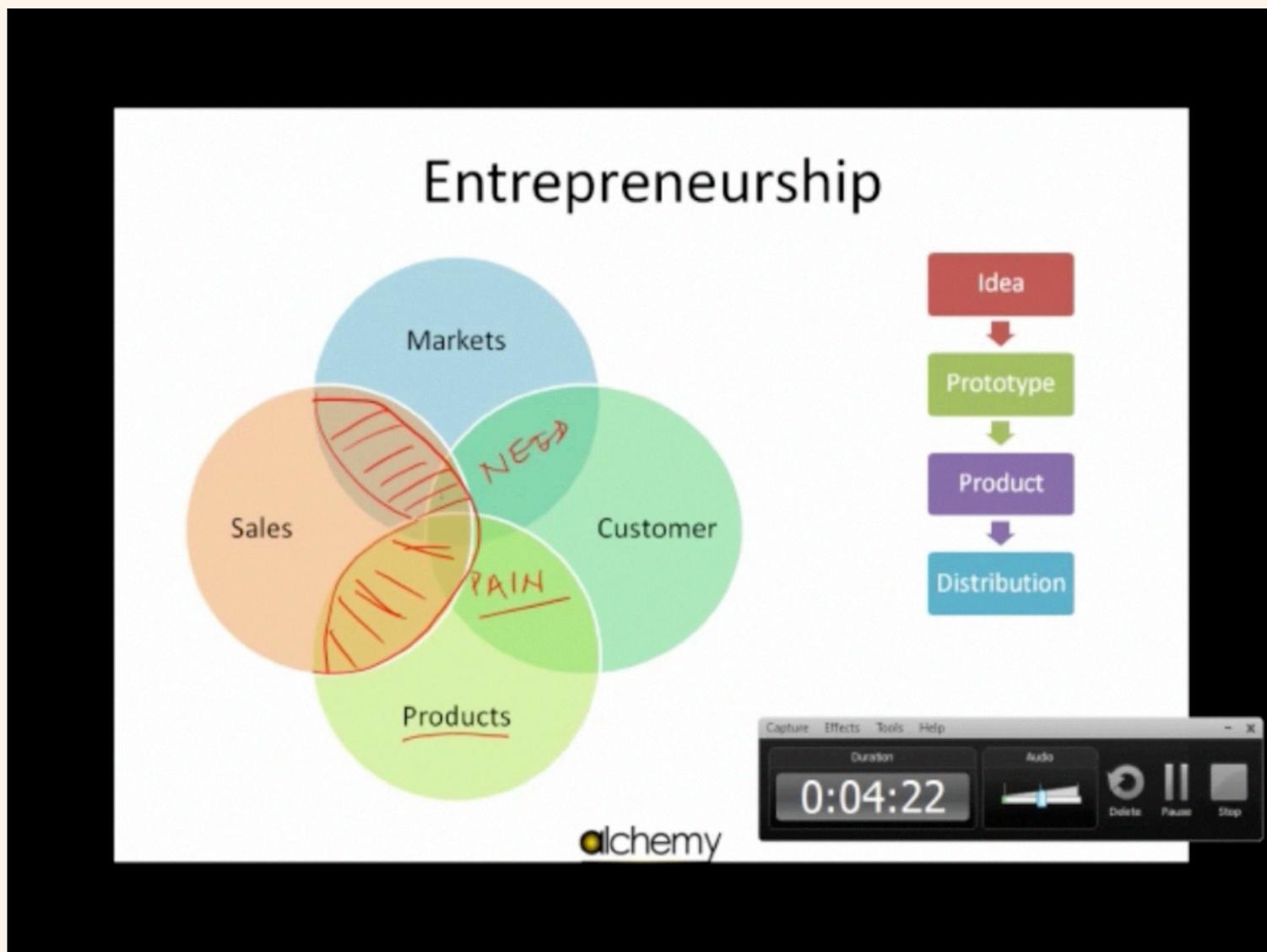
The final session on pitching for startups presents common mistakes made and wraps up with the rules and guidelines covered in the six part series by walking through a sample pitch for banking technology.

# PITCHING CASE STUDIES

The pitching case studies video reviews and dissects 7 startup pitches made in the entrepreneurship course that I teach. All presentations were made by EMBA and GMBA students in the two year period between June 2009 and June 2011. The selected presentations form a select group shortlisted from over 500 student pitches. Target markets for most of these pitches were the Indian and Middle Eastern markets. By reviewing this portfolio of 7 pitches we expect to teach you to do a few things:

1. How to introduce your primary product concept and pitch it in under 30 seconds? While the pitches are not elevator pitches since they represent complete business plan presentations, almost all of them incorporate a short elevator pitch as part of their introduction
2. Going back to the list of questions that we focused on earlier, what is the best way of answering questions that allow you to make your pitch real and if you are not sure about the questions, what are the questions you need to answer?

## MOVIE 7 PITCHING CASE STUDIES



Here are some of the core lessons that we highlighted during our dissection of these seven pitches:

1. Presenting complex concepts and products with simplified visuals and graphics
2. Presenting financial data - Balance sheet and P&L - in an easy to understand format
3. How to make back of the envelope calculations easy for your investors
4. Presenting Financials - What I need and want to see as an investor
5. Simplifying and presenting your revenue model
6. The best way to visualize customer pain
7. Sequencing slides correctly to create much more impact
8. How to showcase the underlying magic and process behind your value chain
9. How to get past the "I don't think this is real" or "I don't think these guys can do it" mindset of investors, clients and partners
10. How to use target market surveys and incorporate them in your presentation and pitch. What are the questions to ask your target customers in your target surveys?
11. How to use more than 5 slides in under 30 seconds to create impact and introduce your idea to your audience without getting bogged down in the details
12. What is credibility? How do you go about building it in a pitch?
13. What is the best way of presenting a 10 year plan?

## Pitching Ground Rules

- ❖ If possible always have multiple sales pitches for a meeting. A pitch could be for a product, a service, a referral or even information about the industry that isn't widely available
- ❖ Try as many free pitches (no loss of face or credibility or opportunity if you fail) in front of friends and family as possible. Use their reactions to tweak the pitch. Don't be shy. Tell them what you are doing, what you are selling and why you are in their home at 7 in the morning before they have had a chance to grab their first cup of coffee
- ❖ Every now and then you will meet someone who will whack all the balls you throw at him out of the park. Don't let that get to you. In most cases, this villainous perfect batter will come back with a peace offering. You would be surprised how often that happens. People are in general nice; they don't like seeing you fail as long as you are not a pain. Fall with grace, and if they can, they will help
- ❖ Generally this happens when you start talking before listening. If you would like to reduce the occurrence of (bullet 3) above, listen first and talk less
- ❖ For every trip that is going to cost you have at least one big pitch planned right towards the end, preceded by many small trial pitches
- ❖ Do your research on who you are meeting and have a clear agenda and an objective for the meeting (introduction, referral, sales call, action items)
- ❖ Have your follow up emails and marketing collateral ready so that you can follow up before they forget who you were
- ❖ Keep an open mind
- ❖ In an introductory, investigative round, take any meeting you can get. In a formal sales round after the investigative round is over, only do qualified sales visits
- ❖ Remember the larger the deal, the larger the number of people you have to meet in person and shake hands with to close a deal



# APPENDIX

# CAST OF CHARACTERS

A quick note followed by long descriptions.

The characters described here played an important role in my life at Columbia and in pre- and post-Avicena days. More detailed than a traditional cast of characters, the descriptions and the following timelines are half the Avicena story. In the spirit of austerity, I have dedicated a quarter of this volume to them. A more generous and eloquent mood would have resulted in a separate book. As a reader I would give both sections the standard cast of character, timeline treatment— skip and come back later if and when you need to.

## **Kamar Bakrin**

Kamar arrived at school and on the first day broke a leg. Literally. A basketball fanatic, he twisted his ankle on the court on day one and then walked three blocks to school on crutches for the next two months in snow, sleet, and sub-zero temperatures. A chartered accountant (CPA equivalent from the British side of the planet) turned consultant, Kamar was probably the most driven friend in our batch. Ken, Arno, and I were content and easy-going. If we did well, we did well; and if we didn't, it was okay— disappointing, but still okay.

Kamar had to make an impact, had to make a difference. He wasn't hungry in the twentyish sense of the word, nor ambitious. Kamar was angry. School was just one outlet where he could vent his anger and gain the respect we knew he deserved. We joked about his desire to turn down an offer from McKinsey since they had made the mistake of telling him he was not good enough for their domestic practice in his life prior to B-school. He went ahead and did just that before joining Boston Consulting Group in Boston. Five years later, he is now the Deputy Managing Director of a large telecom operator in Nigeria.

## **Arno Goboyan**

Arno and I had really met the first time when he was dying for a smoke and I needed some fresh air. We had run into each other a number of times before, including at the exemption exam for corporate finance, but it took a drizzly evening by Uris Deli for the introductions to happen. I think if the French had Bond ("The name is Bond, James

Bond”), he would probably look like Arno. That is the easiest way to describe him. Tall, dark, with a slight French accent and a touch of class, packaged very well together as a loyal friend.

By the time we traveled our individual paths to business school, he was financially comfortable enough to be bored. He had made his killing and was looking for something different and exciting. Superficiality in ideas, ideals, and people irritated him and he liked his friends to be just as sophisticated as himself. Arno joined Credit Suisse First Boston in London immediately after school and now runs an M&A advisory firm in Paris.

### **Ken Bates**

Ken was the most mature and stable member of our group. A father of four kids and a forestry major from the seventies, at 42 he was also the oldest member of the team. Tall and slim like Arno, Ken had a more weathered face blessed with deep smiling eyes. He enjoyed telling people that he was not related to Norman Bates of “Psycho” fame. As with Arno, we had run into each other a few times in class discussions. It took a moment in the printers’ room when I passed him a draft of my article for Bottom Line, our school newspaper, and he was hooked. Then followed numerous attempts to produce “Harvey,” the Mary Ellen Chase play about the six-foot invisible rabbit, which brought us even closer. Ken was a deeply religious man and to a great extent, our faith, strength or lack of it, brought and kept us together before, during, and after Avicena. Ken went back to rejoin Hudson River Inlay as its president before taking charge of a global young professionals’ organization sponsored and run by his church. As our first beta customer, we relied heavily on him as a second pair of well-grounded eyes. Over the last five years Ken has now turned into a turnarounds specialist and is busy creating value as a CEO with a small business in Florida.

### **Syed Saboor**

I have never known anyone who has actually met Jennifer Lopez besides Saboor. They shared the same gym a few streets away from Saboor’s office in lower Manhattan. Fawzia’s first cousin, Saboor Bhai (Urdu for “elder brother”), as we lovingly called him, picked us up and dropped us off at airports, chose our apartments, negotiated our leases, taught us how to cross the street, catch the subway, order take-out, shop, do our groceries, and walk and live in New York like a New Yorker. Saboor was one of the first investors in Avicena, the first outsider to see the business plan, and the most frequently used sounding board for product ideas, pitches, and strategy outside of our management team. He and Sadia, his wife, still run our favorite crashing spot outside of our home in Westchester County, New York.

## **Ralph Biggadike**

I had heard good things about Ralph before I walked into my first TMP class (short for “Top Management Processes”). A group president from Becktin & Dickinson, the needle manufacturing firm, Ralph was a born teacher. We took Strategy and TMP with him. With anyone else, both would have been fluff subjects. With Ralph, they turned into power Tuesdays as he took a group of 30 students and taught them to think and act like general managers. Ralph was also one of the first professors to second the business plan, the only teacher who agreed to come on board as a faculty advisor. He went on to win the Distinguished Teaching Award the same year and received a standing ovation from his students during our commencement ceremony. He still inspires future general managers at the business school in New York.

## **Aleph Inc.**

A technology solutions company based in Santa Ana, California that acted as our incubator as well as Fawzia’s employer. Aleph provided office space in Santa Ana and Karachi, development and administrative talent in both offices, management expertise and customer introductions on the West Coast, and funding and financing support on an as- and when-needed basis. Without them there wouldn’t be an Avicena to look back at and write a book about. We also collaborated on a number of non-Avicena projects. The fall of Avicena, the technology meltdown, and the recession in California hit Aleph very hard and its team was downsized dramatically within six months of May 2001.

## **Denise Davies**

VP Operations at Aleph responsible for running the California offices, payroll, marketing, business development, and technology project management from her offices in Karachi and Santa Ana. Among her many talents, Denise made a mean morning shake, churned out proposals and contracts at an inhuman pace, was a great babysitter (for Amin, our son, as well as other pseudo-adults in the Avicena-Aleph team) and shared our passion for early morning walks off the creek in Newport Beach. Denise recently fell off the map and disappeared completely from our lives except for occasional email exchanges with Fawzia.

## **Fahad & Appsys**

Back-end development team in Karachi. Fahad, a former star student from my computer science teaching days, became an owner of a small specialized shop that built the Java engine behind Avicena’s front end. Fahad still owns Appsys and still operates it from the same premises he had during Avicena days.

## **Aleph Karachi**

Front-end development team. Aleph Karachi took primary responsibility for getting our platform out. They did the front end, hosting, quality assurance, and technology integration with Fahad's work.

## **Ashar Zaidi**

Off shore Project Manager and my right-hand man in Pakistan. Just like Fahad, Ashar was also an ex student and colleague from consulting days. Combine the passion of a fire-breathing mullah, the tenacity of a pit bull, and the drive of a Pratt and Whitney engine and you would have the package that is Ashar. Point him in the right direction, light his fire, and let him go. I asked him to dump his permanent position and give the startup lifestyle a shot and he agreed. He now works as the channel sales manager for Intel in Pakistan.

## **Sharleen Ghauri**

Content Editor. Ashar's first hire brought in to take over content responsibilities. Sharleen took over course development and content work so that Ashar could move on to technology and execution responsibilities. Where Ashar was nitro for our team, Sharleen became the stabilizer. Two years after Avicena crashed and burned, Ashar and Sharleen got married and now live happily ever after in Lahore where Sharleen looks after Intel's education initiative in Pakistan.

## **Dylan Steeg, Joe Rooney, Whiskey Ken, Carlos Desmaras, Ken Craddock**

Friends, class, and group mates from Columbia Business School now working in New York, northern California, and Japan. Dylan came from an engineering background and went back to work for a VC firm back west. Joe came from operations and took up a not-for-profit role after school. Whiskey Ken came from Japan and actually went back to start his own show in Tokyo. We crossed roads during our presentation to Sakura and have stayed in touch. Ken is now the CFO for Lands' End in Japan. Carlos came from investment banking and, like me, used the school to polish his business plan for his personal venture. He stayed with it for a year before joining a power company first in Louisiana and then New Jersey. He is now back with his pre-business-school employer in New York. Ken Craddock was John Whitney's research assistant and a history major at Columbia. We clicked from the first day we met and Ken's working space became the shelter I would drift to when I found myself at school long after graduation.

## **Cluster X Friends**

Class of 60 students with whom I started business school and who stayed together for the

first two terms.

### **TMP Group Friends**

Classmates from Top Management Processes, the Ralph Biggadike course.

### **Pearson Contact**

Business Development contact. Senior executive at a Pearson subsidiary we met when we wrote the Pearson Strategic Investment proposal.

### **Manufacturers Bank**

Beta customer. A wholly owned subsidiary of Sakura Bank in Los Angeles that was initially pitched on the Bank Exchange idea by Aleph and later agreed to become a beta customer for Avicena.

### **Chescore Capital**

VC firm operating out of Dubai and focusing on regional investment opportunities from UAE. Moez Muzaffari was the managing partner for Chescore and the key person with whom we dealt during the first half of 2001. He died of a heart attack around the same time he had promised we would get a decision out of Chescore. Chescore continues to run the offset<sup>84</sup> fund out of Dubai.

### **Reema Faquih**

My first cousin from Bombay, a chartered accountant<sup>85</sup> with four years of business advisory and assurance experience with Andersen Worldwide in India. Reema joined when we were dying as a business and devoted triage-style effort and countless hours to save what we had created over two years. Without her support and help, I would have given up much sooner. With her, the last two months before we pulled the shutters down became the most productive time we spent in California. After Avicena she went back to India to work for a non-profit that educates street children. Reema just graduated from NYU's Masters in Public Administration program.

### **Professors and courses**

John Whitney taught "In Search of a Perfect Prince," a self-awareness course that used Shakespearean plays as a backdrop for analyzing leadership crisis. Bruce Greenwald taught the always in-demand "Economics of Strategic Behavior" that finally answered my question about why some businesses make money without really trying while others turn into financial black holes. Glenn Hubbard introduced "Entrepreneurial Finance," a study of 12 business plans and new ventures that focused on funding, valuation, the investment

term sheet, launches, and growth challenges. Don Sexton led “International Marketing” and “Advertising Strategy,” two courses that provided the mental soup, frameworks, inspiration, and assignments from which the original business plan for Avicena emerged. Laura Resnikoff taught “Turnaround Management,” a course that walked through the essential skills required to save dying companies.

<sup>84</sup> *Each defense contractor fortunate enough to receive an order is asked to contribute an amount to a fund maintained and operated by the government of UAE called the offset fund. The fund is then used to invest in local businesses and companies that can directly contribute to the economic growth of UAE.*

<sup>85</sup> *A CPA equivalent professional designation but with a curriculum driven by British accounting practices.*

# AVICENA TIMELINES

## **Spring 1999**

Decide to fold Cookaracha Guides while trying hard to not flunk “Continuous Time Finance.” The one PhD course I took in my first term has taken on a life of its own and continuously threatens to disfigure my pristine transcript with an F. Figured I could use the guides as a template for class project for Don’s course and save some work. Class project also decides to take on life of its own and Avicena is born. Amazing that something inspired by sloth could force me to work 20-hour days for the next two years.

## **April 1999**

Discuss draft business plan with Ken, Arno, Kamar, and Jaysong for a reality check. Quick review of CNet, WSJ, FAST Company and Wired indicates space is more or less empty. Altavista search also returns a big blank. Fail to discover Quisic and Zoologic, two firms already very active in the space that had already raised substantial funding. Decide to forge full steam ahead with the venture.

## **The Day After**

Columbia Business School announces strategic alliance with UNext, the Mike Miliken venture focusing on selling business school courses to the unsuspecting world. WSJ follow-up article talks about the size of the online education universe. Quick visit to UNext site shows that it sucks and we could certainly do much better. Lowly international student takes on billionaire financier with Tim McGraw singing “Only in America.” Check with other team members still shows desire to forge full steam ahead.

## **June 1999**

Enroll in new product development course by Jadidi to firm up product offering. First focus group held in business school with classmates and friends. Strong positive feedback confirms distinct differentiation in functional and psychological attributes from UNext and other identified ventures in this space. Focus group also points toward a fairly stable and consistent marketplace in the business school environment which at reasonable price points could sustain the business for a number of years. Unfortunately, opportunities for collaboration with Columbia are ruled out early in the game due to UNext’s exclusivity provisions.

## **August 1999**

Research on Java, XML, ASP, JSP, and Linux completed. First prototype highlighting site design, content style, and limited functionality is rolled out on Columbia student account. Start thinking about partners and possible profit sharing arrangements to get business on the road.

## **Fall 1999**

Initial design document for core functionality as well as architectural review complete. Wrap up financials as part of course work in "Entrepreneurial Finance" ("E-Finance") with Glenn Hubbard and upgrade business plan to next edition. Firm up marketing strategy by taking another course with Don. After E-Finance, figure that as long as one could justify with a precedent, one could get away with murder in financials and valuations. After the Hs<sup>86</sup> (A) in both of Don's course get another H (A) from Glenn. Again chose to ignore contrarian indicators and carry on with forward momentum.

## **December 1999**

Ken is on board full time. Pitch jointly for the greenhouse incubation workshop after signing up David Biem and Glenn as faculty sponsors and advisors. Business plan is coming along nicely. On a whim decide to visit Viant's career day since they sound cool and sexy and I would love to see what I am passing up by not interviewing.

Viant turns out to be a dream fit. They think like I do, dress like I do, and even have an office that I would like to have. They use white boards and mind map and have real desks rather than cubicles. Carry on interviewing with them and make it all the way to the final round with ease.

## **Post Finals 1999**

Ken gets an offer from his employer. I get one from Viant. They like me but the offer is a shade under expectations. Decide to think over the insanity of passing a six-figure salary while maintaining a close-to-six-figure debt load during the break at home in Karachi. Leaning towards Viant and sorting out the show on the side before 100 million dollar conversation with Sarwar occurs.

## **January 2000**

First week. We reach a firm hand shake on the incubation offer for Avicena from Sarwar and Aleph. With Aleph's support, we are able to get Appsys on board the application development side. The Eugene Lang Fund's Greenhouse Incubator Course at the business school decides to pass us up. The course offered a grant of US \$10,000 to flesh out

entrepreneurial ideas and also put the shortlist candidates in front of an internal funding panel as well as external venture capitalists.

### **End January 2000**

Come back and turn Viant down. Structure coursework and class schedule as a full day of classes on Tuesdays and Thursdays. Remaining five days are now free to work on Avicena. Take permanent residence in breakout rooms in Warren. Pay for food from deli while everything else (Internet, white boards, and fixtures) is pseudo free (paid for by the tuition).

### **Spring 2000**

Business plans, content, technology, Aleph relationships, website, logos, incorporation, design, funding, financing, graduation, day trading, hiring, relocation. It's a mad, mad rush. Down to sleeping two to three hours a night as I start coordinating more with Fahad in Karachi and Aleph Orange County. Find that when it comes to all-nighters, techno, nachos, and Mountain Dew together work better than sex, drugs, and rock and roll. There is a nine-hour difference between Aleph and Appsys' off shore office and a three-hour difference between us and Aleph in California. We wake up and they go to sleep and the sun never sets on the Avicena empire.

### **Spring Break 2000**

Take a quick trip to southern California to visit Sarwar, Denise, and Aleph and look at incubation facilities. Love at first sight even before we land at John Wayne International Airport. California is clean, green, and polite. Compared to the Kmart clerk ready to assault me with her POS terminal in NYC, the guy manning the checkout counter at Von's actually asks me how I am doing and wishes me a good day. I am shocked to the point of mumbling meaningless gibberish in response.

Sarwar's apartment is right next to the gym, a heated pool open year-round, and a stream that provides soothing sounds of running water over a bed of rocks all day. Sarwar and his wife have converted their lounge/kitchen to a workable study filled with print-outs, backups, hardware, and industry magazines. Fawzia gets an offer to join them as a business analyst on site in Santa Ana. On the flight back to New York, the two of us agree that SoCal would certainly be an upgrade on our gritty lifestyle in NYC and would be a great place to raise Amin, who will turn one next month.

### **April 2000**

Fawzia and Amin off to southern California while I stay behind to finish class projects and finals. Continue to interview candidates for positions in California and find that no

one wants to leave NYC for sunshine and faith. The executive-in-residence program arranges a first meeting with the ex-chairman of Deloitte & Touche; the meeting actually generates our first big lead on the West Coast. Packing up and cleaning the apartment becomes the next looming nightmare.

### **May 2000**

Good bye New York, hello southern California. I am here and I am in control. Move into apartment and the first major purchasing decision is DSL. Also use the year round heated pool to finally learn how not to float like dead fish in the water. Discover the joys of takeout Persian and regional Chinese food.

Second meeting with D&T contact is very positive. The partner we meet offers to introduce us to the local angel network. Sarwar introduces me to Ariu Levi, an entrepreneur and angel investor, and we invite him to take a seat on our board. Two more invitations to board members go out while I get busy with incorporating Avicena LLC. Buy desk, office supplies, printer, and celebrate the Californian lifestyle by having our first management meeting at Soup Plantation, an all-you-can-eat salad bar. With Sarwar's blessings, start talking to more candidates to fill up senior management roles at Avicena. Find promising talent overseas and spend hours interviewing them on the phone. MCI bill starts getting closer to four digits during our recruiting drive.

### **June–July 2000**

More hiring conversations. Convert employee number one to the startup cause with a firm offer. Start laying ground work for first-round friends and family investment. Successfully raise US\$ 70,000 with a US\$ 700,000 valuation. Not a lot of money to go around nor an outstanding valuation but it is money in the bank and more tangible than the piece of paper I have been calling a business plan. It's a lot less than the US\$ 8–9 million valuation our advisors were pricing us at but I'd rather do the first round on my terms than on theirs. Go out and buy long-awaited web and database server as well as software component licenses we need to roll out functional versions of our site. Money also allows us to reserve booth at Society of Actuaries exhibition in Chicago, plan the business development trip, and start paying salaries for resources in Pakistan.

### **August 2000**

Business development trips to NYC, Boston, and D.C. lead to strong Swiss Re, Society of Actuaries, and ERC Frankona leads. Good validation on course material and approach. Start thinking about switching from an individual focus to a corporate one. Launch beta<sup>87</sup> trial at Ken's group, targeting VP-level resources at subsidiary firms within Ken's group for a refresher course in finance.

## **September–October 2000**

Ashar and Sharleen finally join after completing notice period at their previous employers. Start work on content-generating processes. Launch at Society of Actuaries (SOA) annual exhibition in Chicago. Technology port to new server fails badly during launch. Old server is still running trial licenses and acts even more unpredictably. Defer exhibition demos and rely on verbal pitch, brochures, and PowerPoint presentations. The day after the exhibition is over, the first course is ready for unveiling. Good international leads from SOA as well as reasonable validation for the corporate switch. Update our contact at D&T about new development and direction and he is not sure if it's a smart move to lose focus.

## **Early November 2000**

Fairly successful beta completed at Hudson River Inlay with very strong and positive feedback about content, environment, interface, and learning experience. Ken comments that we have the best content outside of an Ivy League corporate finance course; it makes our day for the remaining week.

## **November–December 2000**

Aleph and Sakura conversations put everything else on hold at Aleph and Avicena. We present the bank exchange within an ASP concept to Sakura Agency Management in LA and the chairman of the LA Agency takes us out for lunch to his private club on (Wilshire). We take delegates from Tokyo and the CIO out to dinner in return. Presentations to the Sakura Agency Management and Sakura Mitsui Board in Tokyo are planned on the cutting edge new bank electronic exchange idea being incubated at Aleph. Aleph invests a chunk of equity in the new venture and asks me to lead technical and domain discussions with the bank until they find someone with the right profile to take over the relationship. Also agrees to pass portion of revenues from new project to fund development expenses at Avicena. We close this contract and we have solved our funding problems for the next two years. Planned trip to Pakistan to tie operational, process, and content loose ends. Prop up local team by adding more content resources. Aleph distraction takes its toll in Karachi. Leads generated before and after launch as well as by the business development trips in September get dropped and fizzle out.

## **January–February 2001**

Introduced to Moez Muzzaffari at Chescore Capital and Eyad Shahbi in Dubai by Sarwar. Moez looks at the Avicena presentation and agrees to fund it contingent on seeing the complete business plan with a more Middle Eastern orientation and a focus on the professional development market in Iran. According to him, Iran is barren territory with unmet demand that will only increase as the conservatives allow the

economy to open up. Our online and regional model fits well the sector they want to invest in. Fly back to Santa Ana for major effort to revise and update business plan given Moez's feedback as well as wrap-up work on courses in development. Eviction and utilities disconnection notice waiting on the door, Reuters email arrives later that day. There is not enough money in the bank to pay the rent or settle the utility bill. Convert the last of our traveler's checks to cash and borrow even more money from friends and family to tide us over for the next two months.

### **February–March 2001**

Reema joins the Avicena team in California and takes over all business-plan-related work. I go out and almost drown in the pool. Come out and wonder if this is what I want to do with my life and what would happen to Amin, Fawzia, and our parents if I were to fall off my chair and die because of one night too many of stress, Mountain Dew, and endless revisions of the business plan. Put morbid thoughts aside and focus on raising and borrowing even more money to meet short-term needs while Cheshire ponders their decision. Sarwar is quite bullish on two high-flying Pakistani professionals who he thinks can help us raise cash. Ship out 10 strategic investment proposals as well as numerous copies of the plan to referred venture capital leads and Sarwar's contacts. Launch two new courses on leverage, cash flow and credit analysis, get two more on cost of capital and economic value-added into development. Pearson contact comes back with positive feedback and a promise to forward the proposal to Pearson's president with the appropriate recommendations.

### **April 2001**

The sky has finally fallen. Discover Quisic and Zoologic the same day—competition with a few years' and a couple of million dollars' funding head start on us. Moez decides to defer investment decision to October 2001. Himalay and Hi Tek venture partners decided to take a pass. Pearson asks for a revised investment proposal with cosmetic look and feel changes and indicates it will be a while before they will have time to get down and talk business with us.

I am out of leads and good news. Money is gone too. Personal financial situation looks just as bad as the mountain of debris growing under my desk. Don't know where to begin the clean-up process. Credit cards are already maxed out and now Fawzia is also working without pay. We have started to add five thousand dollars in debt every month just to survive. Chat with Fawzia. Call up Arno and Ken for more advice. Ken says think about it, Arno says take my money, Kamar says dude you are screwed. Decide to cut losses and heed Kamar's advice. Begin awkward conversation with Sarwar.

## **Mid April 2001**

Sakura subsidiary comes back with acceptance of the limited beta testing offer for their loan officers. Great timing. Do not have cash to support them or a beta site or the heart to carry on. Reema packs up and flies back to Austin. I call Ashar and Sharleen to tell them it's over.

## **May 2001**

Transition of control to Aleph and departure. Rediscover apartment, gym, swimming pool, kitchen, and family (not exactly in that order). First clean up my study and dump all copies of Inc, Wired, Fast Company, and Industry Standard in Denise's office. I can't bear to look at smiling entrepreneurs with the world at their feet. The last thing I needed to read about now was multimillion dollar valuations and first-round funding. A day later, the Lang center sends me an email update about a class of 2001 graduates who found enough money to buy an Airbus and start an airline in London. Aleph relationship heads south as we reach agreement on transition but fail to reach closure. Sarwar and I exchange increasingly awkward emails until silence prevails.

## **18 months later**

November 2002. After finding a reliable accountant, completing two years of tax returns, paying back taxes and penalties, I send a note to Sarwar and Denise and file for cancellation of Avicena's registration as a Limited Liability Company in the state of California. There are no regrets.

<sup>86</sup> *Columbia Business School grading system started with H(Honors – A equivalent), HP (High Pass - B), P (Pass - C), LP (Low Pass - D) and Fail (F).*

<sup>87</sup> *At each of the above stages, some bugs and errors always remain undiscovered.*

# BUILDING A BUSINESS STEP BY STEP

We have said enough about the entrepreneurial mindset, idea selection and pitching, perhaps it is time take a look at what happens next.

Assuming you have picked up an idea and have decided to build your own business, what do you do next? Where do you start? What is involved? Is there a list of action items, of milestones that you could use to map their own ambitions into a reality?

Here are three case studies. The timelines are 1999-2001 (business school, New York/Southern California, Avicena); 2003-2004 (Karachi, **Alchemy**) and 2009-2012 (Karachi, **FinanceTrainingCourse.com**, **FourQuants.com**).

## LAUNCH CASE STUDY NUMBER ONE - AVICENA LLC

First six months of our existence starting from January 2000, the primary milestones were finding a partner and investor (Aleph Inc), finalizing a technology vendor, deciding on a name (Avicena), the back story behind the name (knowledge acceleration), completing the system specification for the vendor to follow, completing the business plan, agreeing on an timeline to launch, raising capital, doing market research by reaching out and attending a number of customer specific conferences, preparing marketing collateral, hiring, building, testing and then launch.

Timeline	Action	Stage / Impact
Feb - May 99	Wrote and updated the original business plan.	Idea selection
Jun - Jul 99	Built the prototype, wrote content and marketing copy, tweaked it.	Refinement
Jun - Jul 99	First focus group on features and pricing. Found partners at school to work on the idea.	Feedback
Aug - Dec 99	Built pricing model, financial model, advertising strategy, advertising campaign. Asked for feedback from peers and advisors.	Business Plan
Dec 99	Pitched to partners, investors.	Pitch

<b>Timeline</b>	<b>Action</b>	<b>Stage / Impact</b>
<b>Jan 00</b>	Closed initial investment round - friends and family.	Capital
<b>Jan 00</b>	Hired a vendor to build technology, website and host it.	Vendors
<b>Feb - Mar 00</b>	Picked a name, hired a designer to build the logo, started writing copy for marketing and advertising campaign.	Branding
<b>Mar - May 00</b>	Identified partners, customers, clients for initial pitches. Made initial pitches.	Prospect List
<b>May - Jun 00</b>	Moved to be closer to incubator, investors and partners. Started writing cover letters and emails introducing the product and the idea.	Contact
<b>Jun - Jul 00</b>	Rolled out initial technology platform, did the first round of beta testing. Continued pitching to partners.	Technology
<b>Jul - Sep 00</b>	Hired first two offshore employees. Did a round of industry conferences to get direct feedback from customers.	Feedback
<b>Sep - Nov 00</b>	Hired two business development contractors. Write and post first form letter to prospects. Follow up on first round of marketing and leads.  Create and print first brochure and push out physical mail shot.	Business development
<b>Dec 00</b>	Follow up on initial mail shot. Scheduled calls and made them.	Follow up
<b>Jan 01</b>	Two back to back international pitches to investors and clients in the Middle East and Asia Pacific.  Reworked internal processes to streamline content generation. Released next version of the site with new content and new features.	Pitching. Internal review.
<b>Jan - Mar 01</b>	Hired employee number three. Rolled out customer focused content, carried on pitching to customers and investors. Ran out of cash, borrowed money on credit cards, from friends and family.	Expansion
<b>Apr 01</b>	Spoke to close friends and partners. Decided to stop borrowing more money. Informed the team at work. Agreed on team severance package. Folded and died.	Decision to Fold
<b>Dec 01</b>	Paid out employee liabilities. Finalized the accounting and started looking for accountants.	Post failure
<b>Apr 02</b>	Filed final returns and taxes	Post failure
<b>May 02</b>	Filed for termination of registration in California	Post failure

We fell flat and died because our marketing and pitching campaign was dead on arrival. Spent too much time updating the business plan and talking about customer segments, than actually going out and talking to customers.

## LAUNCH CASE STUDY NUMBER TWO - ALCHEMY ASSOCIATES / TECHNOLOGIES

The primary difference between Avicena and Alchemy was that we met more people face to face at Alchemy than at Avicena. A form letter and a follow up phone call wasn't enough at Avicena. At Alchemy it wasn't that meetings immediately led to sales contracts. We simply had more conversations. With each conversation we got better at understanding the needs of our customers and responding to them. And it helped that after the first 8 months of pain we had consistent, growing revenues.

However, the start was sort of muddled. We went from one idea to the next. What appeared attractive at first was too crowded. What made sense from a strategy perspective was out of reach. In the end we stuck with training and it was training that led to other opportunities. There was no plan, only reactions and responses.

Timeline	Action	Stage / Impact
Jan 03	Announce plan on dinner table to drop job search and start Alchemy. Get approval from family.	Inception
Mar 03	Pick name, designer, logo, stationary. Complete the first engagement, bill, collect.	Launch
Apr 03	Meet prospective clients, pitch for work all across the horizon. Write marketing copy (who, what, where, when, why, how much)	Experiment
Apr 03	Hire first part time employee. Print stationary. First proposal, first contract. Write terms and conditions.	Growth
May 03	Lock in an informal alliance/partnership with an old colleague. Rent free office space and joint pitching for work	Platform. First pivot to platform based actuarial practice
May 03	Open "Doing Business As - DBA" Bank Account. Find printer. Get basic website, marketing copy, initial brochures and business cards done	Setup

<b>Timeline</b>	<b>Action</b>	<b>Stage / Impact</b>
<b>Jun 03</b>	First two assignments on the new platform. Booked through a lead generated via a partner	Experiment
<b>Jun 03</b>	Pitch for first training engagement on new platform. External lead converted to contract. Give up on Human Resource practice.	New business line. Second pivot to training from actuarial practice
<b>Aug 03</b>	Close first large training contract	Big deal/Platform
<b>Sep - Oct 03</b>	Deliver on large training contract. The contract leads to more prospects within the treasury and risk training segments	Platform/ Validation
<b>Nov 04</b>	Focused pitches for training work to treasury and risk segment customers	Prospect List
<b>Jan 04</b>	Add two new partners on expense sharing basis	Expansion
<b>Feb 04</b>	Move into new rent free office space with new partners	Expansion
<b>Mar 04</b>	Prepare hiring criteria, employment tests, interview template and questions, job roles and descriptions, interview guidelines.  Expand team to support growing training practice. Switch focus from actuarial practice to banking	Third pivot switching to banking training
<b>Arp 04</b>	Incorporate formally as Alchemy Associates. Agree on Shareholders agreement, revenue and expense sharing basis	Formalization
<b>May 04</b>	Redo website, market positioning. Launch training calendar	Change based on market feedback
<b>Jun 04</b>	Begin work on new software product and service	New product line
<b>Jul-Aug 04</b>	Expand team for new opportunities with existing client. Revised employment, confidentiality, intellectual property rights documents	Stability
<b>Nov 04</b>	Risk manager product rolled out for pitching and marketing. Competing head to head with Oracle and Reuters. The niche play at work	Marketing
<b>Dec 04</b>	One demo a week	Pitching
<b>Jan 05</b>	Traction at the largest banking customer	Big deal
<b>May 05</b>	First sales deal of software	Closure

## LAUNCH CASE STUDY NUMBER THREE - FINANCETRAININGCOURSE.COM / ALCHEMY SOFTWARE

**FinanceTrainingCourse.com** and **FourQuants.com** were experiments on the side that took almost three years from inception to revenues. Once again it was a series of failed experiments but given the low cost associated with each experiment (about 100 dollars) rather than going broke and giving up, we would simply allocate another hundred dollars to see if the recipe that hadn't worked earlier could be improved upon.

Timeline	Action	Stage / Impact
Aug 08	Start exploring the content business for the first time	Inception
Jan 09	Close the first contract for a printed review of the local risk environment with an existing customer	First client
Apr 09	500 high end print copies are out. Dispatch and circulate across 200 prospects	Direct Sales
Jun 09	Take up on the print offering is zero. Follow up fails. Book a big loss on the first dry run	Product Failure
Sep 09	Carry on with printing at a significant cost. Total of two customers generate enough to cover basic printing cost. Despite the promise there simply isn't enough take up. Each run bleeds dollars	Partial Recovery
Nov 09	Start exploring online version of similar content but with a twist	First Pivot from print content to online content
Feb 10	Launch Learning Corporate Finance as a second experiment	Product iteration. Second pivot from commodities to risk and finance
Jun 10	Learn more about traffic, optimization, content, search ranking, Adsense, Adwords and SEO by reading and trying out different techniques and tools	Acquire related skill set
Sep 10	Launch new online content store with Google checkout	Third Pivot from traffic and just advertising supported to online content sales and advertising

<b>Timeline</b>	<b>Action</b>	<b>Stage / Impact</b>
<b>Sep 10</b>	First sale of online content	Validation
<b>Oct 10</b>	Win Industry Award for site	More Validation
<b>Nov 10</b>	Change name to FinanceTrainingCourse.com. Switch focus from four segments to two	Third Pivot to two focused target segments from four
<b>Mar 11</b>	Traffic hits peak. Site hit by Google Panda update. Traffic down by 60%	External shock
<b>Jun 11</b>	Start working with video courses	Fourth Pivot to video courses
<b>Jul 11</b>	Sales peak at US\$1,100	Growth
<b>Aug 11</b>	Cleaned up portal created for corporate customers	Fifth Pivot away from advertising to a multisite platform
<b>Sep 11</b>	Pitch portal to first international banking customer	Expansion
<b>Dec 11</b>	Close first funding round	Capital raising
<b>Mar 12</b>	Traffic peaks at 50,000 page views per month. Sales peak at 1,800 US\$ a month	Capital at work
<b>Apr 12</b>	Content syndication deal signed with a Far Eastern Telco IP TV provider	Distribution
<b>May 12</b>	New redesigned site brings bounce rate down to under 10% from an average of 65% over the last 3 years.	Sixth Pivot to banking customers only

## LAUNCHING YOUR BUSINESS: COMMON THEMES

It is obvious that there are certain common themes across all 3 cases. Some are mechanical in nature, while others are driven by the feedback you receive as you interact with the market. Here is a short initial list that will get updated over time. Feel free to add items that you think are missing.

Timeline	Action	Impact
<b>0 - 3 months</b>	Name/Brand/Logo. Back story behind the business and the reason for your being.  Start using the back story as much as possible as quickly as possible in every single interaction with everyone you meet	Need to answer basic questions about who you are, what you do, why are you special, why should I give you work, how can I trust you.  The opinion on logos is split. Some say do it immediately, others defer.
<b>0 - 3 months</b>	Meet people. Talk to them. Ask for work. Rinse and repeat.  Learning to ask for work is something you get better with over time. Start early to increase the chances of converting that deal when it finally comes around	Immediate. Till you ask they won't give. No ask, no give, no revenues.
<b>3 - 6 months</b>	Cards, Stationary, Websites, Domains, formal email address	Cards and website yes. Stationary is a little expensive and can wait. Email can be done earlier as long as you have the name and the domain. Don't do hosting till you are ready. Find a friend who would be willing to lease you space on his servers.
<b>2 - 8 months</b>	Proposals, contracts, non-disclosures, intellectual property rights, basic legal opinions. Pitches. Electronic brochures and power points presentations.	The sooner you get these done, the better off you would be.
<b>4 - 12 months</b>	Hiring. Growing. Expansion	It generally takes about six months for you to find your feet if you are bootstrapping for the first time. Some models require you to hire from day one and for those you need funding. Others are ok with you meandering for a few months experimenting before you commit to a head count.

<b>Timeline</b>	<b>Action</b>	<b>Impact</b>
<b>Through out</b>	Experimenting. 100 dollar bets.	You start with a world view which will most likely be wrong. As your world view gets updated based on market feedback, your business and your model also change. It is a good thing.
<b>Through out</b>	Improving your pitch, brochures, power point presentation	As you receive feedback, both yays and nays, incorporate what you have learnt in your pitch. Refine your back story. It will make it more credible and realistic and increase the chances of conversion.
<b>6 - 12 months</b>	Adding partners for distribution and accessing networks	As soon as you are ready with a product or service to sell, start adding partners that will push customers your way. Be wary of big names and big players, go after the small guys who need you as much as you need them.
<b>Post Back Story</b>	Social Media. Facebook, Linkedin, Twitter, G+, YouTube. Advertising	Once you have figured out your message it is time to spread it. A little dicey since the rules of the game are different than conventional advertising.
<b>12 months</b>	Incorporation or Formalizing	In the US it is easy to startup and generally just as easy to shut down. In other regions it could be 10 times as expensive to shut down. Only incorporate when you are ready or you have an investor. Not before.
<b>12 months+</b>	Start thinking about the next cycle and concentration	Are you too concentrated across one segment or customer? In one product or service? Think about adding more items to your portfolio.

# THE ORIGINAL LIST OF MYTHS

1. The curse of technology – The mythical value driver.
2. Big projects and big sales deals – The price of credibility.
3. The perfect product – The allure of perfection.
4. Heroes – The Hamlet syndrome.
5. Solving the wrong problem – Prescription glasses.
6. Leadership – Gods and generals.
7. Faith, commitment and the inability to fail – Who will cast the first stone.
8. Capital and Partners – The equity paradox.
9. Expectations management – The undersold dimension.
10. Diversification – Any which way you can.

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# REVIEWS

*“Successful entrepreneurship is a long and winding road toward identifying and capturing opportunity. This book tells this story in a refreshing and personal way. The experience and the rich perspective on entrepreneurship make the book especially interesting for anyone thinking about a serious venture.”*

**Glenn Hubbard, Dean and Russell L. Carson  
Professor of Finance and Economics,  
Graduate School of Business, Columbia University**

*“Refreshing, witty, down-to-earth, a totally delightful read - one of those rare ‘cannot-putdown’ books. The Blue Screen of Death gives young people a realistic insight into the world of the new breed of entrepreneurs - those who are born to lead and excel. The risk of failure is what keeps many of us from taking the plunge and starting our own ventures. Jawwad Farid gives us a totally new perspective - that failure should not be feared but embraced, that in fact it is the seed from which successful enterprises emerge.*

*Jawwad’s journey into the unknown has been one of courage, commitment and unfaltering faith; and through it all he has amazingly been able to keep his sense of humour. That is probably what got him through the toughest times. This book is a must-read for all those budding entrepreneurs who are standing on the edge wondering whether they should leap into the magical world of startup ventures.”*

**Jehan Ara,  
President,  
Pakistan Software Houses Association (PASHA)**

*“I clicked the link to the book’s online version mostly because of its uncanny title, but quickly found myself hooked to Jawwad’s simple, punchy and unpretentious writing style. One of my mentors told me once: “Don’t try to understand success – it often happens without much good reason. Failure, however, always has many good lessons”. Jawwad’s book embodies the essence of this wisdom.*

*Recently, I used The Blue Screen of Death for an Entrepreneurship course I teach at*

LUMS, replacing my standard choice of “Art of Start”. I found that while “Art of Start” was approached by students as a bible of “dos and don’ts”, BSOD was more a story that almost everyone in the class could relate to. After reading the book, students wanted Jawwad to succeed and voluntarily engaged in passionate discussions on what they thought went wrong and how Jawwad could have been successful – a dream come true for a class on entrepreneurship!”

**Dr. Umar Saif,  
Associate Professor,  
Lahore University of Management Sciences,  
MIT GITA Award Winner 2008, Founder & Advisor See n Report,  
Choppal and BumpIn**

*“Blue Screen of Death” by Jawwad A. Farid is a wonderful attempt by a young Pakistani entrepreneur to tell his story of his three failed ventures. It epitomizes the author’s self-described fascination with studying failures—a quest that brought him to the brink of experiencing three of them over the last decade. Jawwad is among the rare breed of entrepreneurs who made a successful career in Pakistan, went to an Ivy League Business School, and returned back to succeed at doing something new in his own country. He may be rarest of the rare in that he has the courage to share the secrets of his failures in the most public of manners possible.*

*With this memoir, Jawwad has made several important breakthroughs in one go. At a personal level, Blue Screen describes the gripping tale of Jawwad’s own ventures. For anyone who wants to learn about the fifteen years that it took to create Alchemy’s “overnight” success, the book offers plenty of material to chew upon. It must take a lot of courage to lay bare your faults for the whole world to learn from. Jawwad does this in style that is both intimate and refreshing. At a more general level, Blue Screen is full of valuable advice for the aspiring entrepreneur or even those who have ventured before. I study new venture creation and management and I could not help but agree with several of the lessons drawn from Avicena’s tragic failure. Many entrepreneurs would benefit from Jawwad’s ruthless analysis of his failures and his attempt to learn from it.*

*Finally, Jawwad’s book is a first for Pakistan in a very significant way. It is the first such attempt by a Pakistani entrepreneur to tell his story. This is partly due to fewer numbers of Pakistanis venturing on their own. Jawwad shatters this psychological barrier by not only owning but also proudly displaying his identity in a manner that is hard not to notice. I believe Jawwad’s courage would inspire other Pakistani entrepreneurs to tell their stories as well.*

*Pakistan requires an inspirational world class success story to appear on the map of the world and be known as home to talented and hardworking people. Brimming with Jawwad's faith and positive-mindedness, Blue Screen is clearly a step in that direction. Jawwad deserves credit for this commendable effort."*

**Dr. Athar Osama,  
Author of PSEB Software Industry Study 2009,  
PASHA Software Industry Study 2007,  
PSEB Software Industry Study 2005 and  
Senior Consultant, ANGLE Technology Group, UK.**

*"Un-orthodox, truthful & courageous, Blue Screen of Death very skillfully combines textbook stuff with real life experience. Analyzing personal failure is always painful and almost impossible to be objective about, in his narrative, Jawwad divorces emotions yet somehow succeeds in retaining the passion. With a surgeon's precision he peels the layers of Avicena to reveal the pathology which caused death of the company. From the dissecting table he moves on to the microscope to explore in detail what actually went wrong. Then he takes the reader along with him in drawing general & specific principles to be used as a guide for future entrepreneurs.*

*Talking about lessons learnt is à la mode in contemporary literature but Jawwad has gone a step further & shown us how to apply the wisdom of hind sight scientifically thereby reducing the emotional & economic cost of the failure.*

*With simple diction yet effortless prose this book gives a refreshing feeling. I believe books, like humans, also have different intelligence levels. If not brilliant this book most definitely can be ranked as smart."*

**Sarmad Hasan,  
IUCN Pakistan**

*“Narrated as a mixture of the author’s own commentary, written in a very light-hearted and refreshing style, e-mail correspondences and IM sessions that portray various stages in the projects life are reproduced. There was high optimism during the hiring process, hope when reaching out to potential customers, refined rage when deadlines were not met by the technical team and a cheerful banter to keep friends posted on personal life.”*

**SPIDER Magazine,  
August 2008**

*‘Reboot – in search for the land of opportunity’ is not the sort of book you usually find on stores. Take a quick walk down the shelve-lanes of bookstores and you’d find hundreds of self-help books with success stories of lifetimes. While they’re a great inspiration for those still aspiring to venture into the harsh realities of life, they bid quite poor for those who have already tasted failure and those who are too optimistic to be realistic. In other words, for their authors, failures are the no-go zone of life, the hushed-up sentence, the forbidden word. And in staying from this forbidden fruit, they don’t as much as talk over it, or if it’s done, it’s just a chapter or two – for both in contemporary literature and culture, failure isn’t papyrus-selling. It’s rather sympathy-invoking, pity-arousing and well....definitely not a dear notion.*

*Not so for Jawwad Ahmed Farid and Reboot. After constructing the whole facet of Avicena, right from inception to progress to conclusion, the writer creates a world which we all could vividly realize and identify with – life with family, favors from friends, references through contacts, owned and loaned capital, tiny failures, daily boost-ups, toiling team-members and hopes of making it big-time eventually. And then, in one split-second, the author brings the entire facet crumbling down to pieces, quite the way failure hits. Suddenly and without a warning!*

*Next comes an analysis of all the factors that contributed to this failure, whatever it took away and whatever it left to be valued all the more – charging it to the experience account, as the author would say.*

*All in all, a fine book to read, quite inspirational and above all, so well-told that nearly everyone can relate to it.*

**Salman Latif,  
Blogger,  
Book Reviews @ blogspot**

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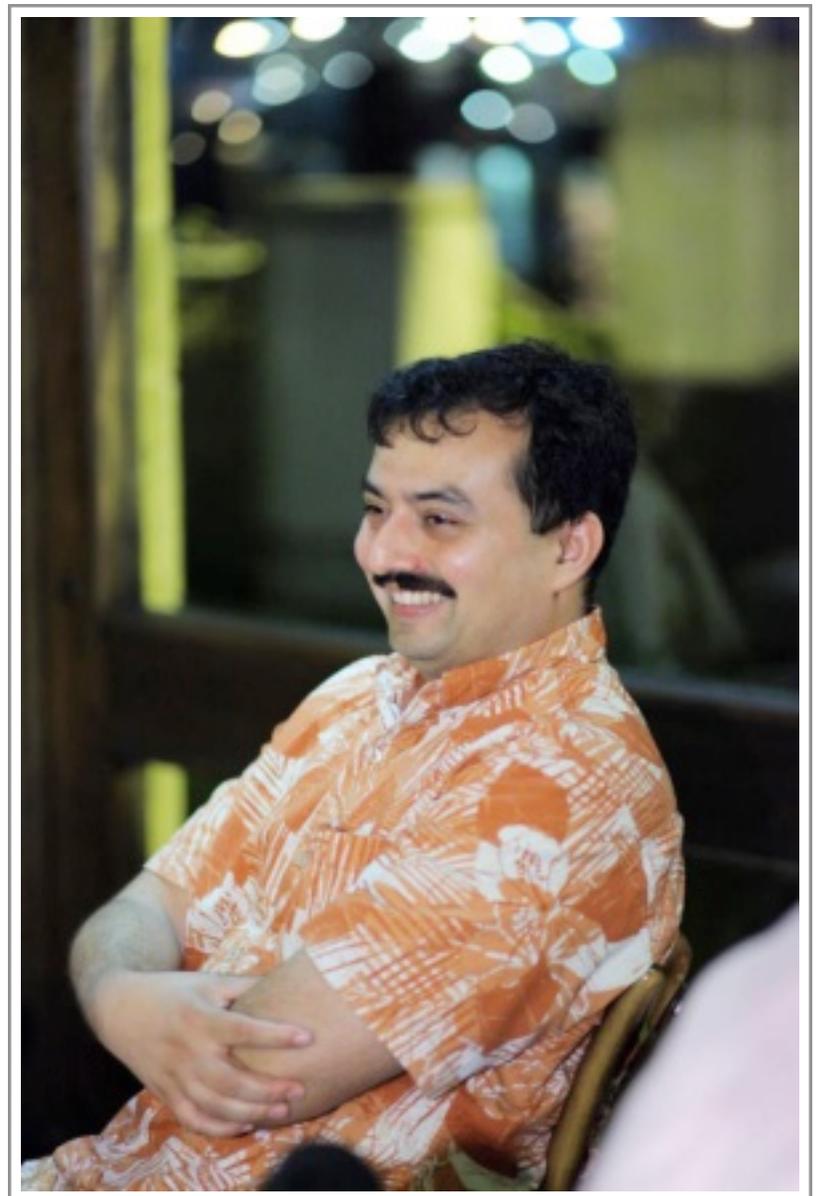
## ABOUT THE AUTHOR

Jawwad Farid ran his first venture into the ground in Southern California at the turn of the century. Since then he has helped multiple startups fail, reboot and succeed. While he wears many hats, his primary passion remains the pursuit of the perfect pitch and the many holes in the ground that precede it.

He teaches Entrepreneurship & Risk Management at the SP Jain Campus in Dubai and Singapore and is a co-founder at **FinanceTrainingCourse.com** and **Alchemy Technologies**.

Jawwad is a Fellow Society of Actuaries, a MBA from Columbia Business School and a FAST ICS alumni.

He is a mentor for the P@SHA ICT Awards, a Judge for the Asia Pacific ICT Awards, an advisor to the P@SHA Social Innovation Fund and the EduEnrich Education Foundation.



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