Me & my mentor

When youth starts a business, it needs someone to trust.

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There was a time when, if you started anything in a garage in your late teens or early 20s, it was a band. And you wanted grown-ups as far away as possible, preferably in another solar system -- unless they happened to represent a major record label. These days garages have gone quiet. Instead of picking up instruments, kids are hunched over computers polishing business plans. If they want to pick up anything these days, it's probably a round of venture funding as they guide their own companies through the startup minefield.

And they're looking for grown-up guidance.

With a maturity that does not belie their years, many of these young CEOs turn to mentors to keep them on course. They are parents, teachers, colleagues. Or the people investing in their ideas. What mentors bring is experience, something no garage CEO can really claim.

While completing a degree at Stanford University's Graduate School of Engineering, 24-year-old Erin Turner founded Gigabeat along with two classmates. The trio received seed money for their online music gateway after being recognized in a competition held by a student entrepreneur organization. They raised $6.5 million in less than a year, and the Sunnyvale, California-based Gigabeat launched June 1.

Among the venture's angel investors is 48-year-old Audrey MacLean, a woman with more than two decades of experience in the computer and communications industry. She is also a professor at Stanford and has been a key adviser to former student Ms. Turner during the launch of Gigabeat.

"When you are as young as we are, you bring a fresh perspective, and you don't bring the baggage that someone else in a traditional industry might bring," Ms. Turner says. "But you have to recognize that there are things you know and things you don't know. You find the people that can be mentors are those who have done things that you haven't done before."

Ms. Turner and her youthful cohorts are confident that they know music on the Net and the requirements of the space they are hoping to dominate. Where they falter is knowing the ins and outs of management and how to look at their company on a higher strategic level, Ms. Turner says.

Ms. Turner relies on Ms. MacLean's experience with the startups of such companies as Network Equipment Technologies, Adaptive, Pete's Brewing, Pure Software, and AdForce to fill in the gaps. Ms. MacLean started her first company at age 31, with a full decade more experience than many of the young guns getting funded today. Given entrepreneurs' youth and the speed with which the new economy is moving, mentors are more vital than ever, Ms. MacLean says.

Ms. MacLean refers to herself as a "mentor capitalist," an adviser who is there to help but who is also looking for a return on her financial investment. Ms. MacLean says she sees more and more colleagues of her generation taking an active role in the careers and companies of young entrepreneurs -- they have the expertise and the financial freedom to do it.

"I know a dozen people who do a lot of this thing," Ms. MacLean says. "We can offer these young entrepreneurs a pragmatic perspective. They are starved to know if their idea is really feasible and how to carry it forward. The toughest thing for these young people is figuring out who to trust, who to bring on board, and who they need to build the company."
As 20-somethings continue to sell people on their ideas, it often falls to VCs and angel investors like Ms. MacLean to take on the role of mentor. But what do you do when the guy that funds your company is a teenager himself?

Peter Venech is an 18-year-old freshman at Yale University. He and his sophomore friend Michael Stern are budding VCs. They are the founders of Aquarium Ventures, an Internet incubator with $1 million under management. Their market is dorm-room entrepreneurs who are too young and inexperienced to attract funding from traditional VCs.

"There is a different set of needs for student-run startups, and current incubators and VCs weren't meeting those needs," Mr. Venech says. "Aquarium's role is to provide guidance and counseling and make sure the entrepreneurs are free to spend a majority of their time on strategy, not just busywork."

To guide him, as he guides the companies he funds, Mr. Venech turns to 33-year-old Sam Gaer, CEO of TradinGear.com, an online trading system for small- and midsized broker-dealers.

"I've learned a tremendous amount from Sam Gaer, mostly about how to run a business and the joy of working closely with a small group of people," Mr. Venech says. "Sam helped me with the business plan and with raising money for our fund. He helped us determine who our investors should be, how much money we should raise and at what valuation."

Mr. Gaer took on the role of mentor after he saw something of himself in the young entrepreneur. "I've been able to steer him clear of some bad deals and made sure nobody screwed him when he was raising capital for the fund. I'm not an investor in his company -- he views me more as somebody he can go to for help and advice," he says.

At age 18, Angus Davis was the youngest full-time employee at a burgeoning company called Netscape. Mr. Davis had planned to spend the summer in Silicon Valley before heading to Atlanta to begin college at Emory University. Mike McCue, Mr. Davis's mentor at Netscape and current business partner, convinced him otherwise.

"My first day on the job at Netscape he had me going to meetings on company strategy, going to the movies with Marc Andreessen," Mr. Davis says. "There was never a time that I felt he didn't have total faith in me."

MORE MENTORS

BIG SKY VENTURE CAPITAL -- There are a huge number of people for whom Charles Schwab, 63, has been a mentor when it comes to investing, but they didn't start hitching rides to work with him when they were 12 years old. Michael Schwab, 24, did. The younger Schwab says he absorbed the lessons of long-term investing championed by his father. He also tries to emulate his father's management style when running his own venture fund, Big Sky Venture Capital, and performing his duties at Creditland. "Every time my father tells me about a company, he talks about the people; that's what you are investing in -- that's key," Michael says. "He has taught me how to treat people."

GIGABEAT -- Erin Turner, 24, CEO and cofounder of online music gateway Gigabeat, turns to her former professor and angel investor Audrey MacLean for advice. Ms. MacLean, 48, has not only brought her money to the venture but also her experience in the startups of such companies as Network Equipment Technologies, Adaptive, and AdForce. "When you try to come up to speed on all fronts when you're in your 20s, you need to build a set of advisers," Ms. MacLean says. "We all
invest our own money, but our mentoring offers us more than just the financial reward -- there is also the psychic reward."

DIGIMO -- Freeman Hrabowski, 49, president of the University of Maryland, Baltimore County, lured Andy Lufburrow, 19, to his school by showing an interest in his business success as well as his academics. Mr. Hrabowski works at keeping Mr. Lufburrow, a junior, focused on academics and lets his associates at the university's incubator help with business development for Mr. Lufburrow's Web design company, Digimo. "I work with him on developing as a student and a human being," says Mr. Hrabowski. "He's given up the last part of his childhood to start a company."

AQUARIUM VENTURES -- Peter Venech, 18, and a fellow Yale undergraduate operate Aquarium Ventures, a venture fund with $1 million under management. They focus exclusively on student-run startups. Sam Gaer, 33, took on the role of Mr. Venech's mentor after seeing a bit of himself in the young VC. Mr. Gaer is quick to point out he has not invested in the fund; he's just there to help. "Sam taught me that the entire job of a VC is to minimize risk," says Mr. Venech. "We need to be cautious, do our due diligence, and not get swept away by somebody's vision."

PINPOINT -- When Jud Bowman, 20, and his partner were shopping the business plan for their Net search engine software company, Pinpoint.com, they realized the importance of knowing people in the community. They found the Wakefield Group's Steve Nelson, 41, through a friend of a friend. "I really liked Steve's approach and the questions he asked; I felt like he really got it," Mr. Bowman says. "Jud is something special -- an entrepreneur like this comes along once in a decade," says Mr. Nelson. Mr. Bowman regards his stockbroker grandmother, Norma Southard, as a lifelong mentor.

AUCTION OCTOPUS -- Daniel Haspel is a 19-year-old entrepreneur who knows his limits. "When you're 18 or 19 no one takes you seriously and you don't know enough, even though you might think you know it all," he says. "You need people to help you get through. It's important to have adults and mentors to fill in those holes." Enter Donald Hyatt, 53, teacher of computer science at Thomas Jefferson High School in Fairfax County, Virginia. Mr. Hyatt taught Mr. Haspel and has gone on to invest in their company, Auction Octopus, which is a multiauction search engine.

NOWALLS -- Between his freshman and sophomore years at Walla Walla College in southeastern Washington, Brian Bray, 20, went to work for Doug Murray, 43, at NoWalls, a Web-based applications development and consulting company in his hometown of Salt Lake City. By the end of the summer, Mr. Murray, the company's president, was trying to convince Mr. Bray to stay. Although the young programmer returned to Walla Walla for his sophomore year, he decided to return to Salt Lake City this year and is finishing his degree at night while developing business ideas at NoWalls. "When he came to work for me I constantly had to remind myself that he was only 19," Mr. Murray says. "He was doing the kinds of things that people with 10 years of experience do -- sharp people with 10 years of experience. We can give him any kind of challenge and he can come up with a good solution."

SIMULANT -- While working in Axel Scherer's research lab at Caltech, physics students Michael Hochberg, 20, and Tom Baehr-Jones, 20, needed a supercomputer to simulate nano-optical structures. With help from Mr. Scherer, 38, they designed and wrote a set of libraries and tools for efficiently distributing algorithms over a network -- achieving the power of a supercomputer without the supercomputer. The commercial implications were obvious to the VCs who circled, ready to invest $3 million in their newly formed company, Simulant.

TELLME -- When Angus Davis, 22, was an 18-year-old summer employee at Netscape, Mike McCue, 33, convinced him to stay rather than start his freshman year at Emory University. The pair has since moved from Netscape to found their own company, Tellme Networks. Mr. Davis still turns to Mr. McCue for advice, and Mr. McCue continues to be amazed by his young partner. "Angus wrote me before I hired him at Netscape, saying that 'not only do I know the Internet and the Web, but you will be able to shape me and mold me,'" Mr. McCue says. "From the first day I let him get involved in everything I was working on."

CWLAB -- Charles Wu's mentor is also his mother, Narisa Chu, 49, who has been working on the technical side of telecommunications for more than 20 years. A sophomore at the University of
Chicago studying economics and music, Mr. Wu, 19, managed to sock away the gains he made investing in high-tech stocks. The mother-son team has invested almost $500,000 of their own money in their venture CWLab, a company that plans to license Ms. Chu's technical solution to increase bandwidth efficiency for wireless applications. While his mother handles the technical side, Mr. Wu handles sales and marketing. But his mentor is still his mother. "She moves more slowly, maybe because of her age," Mr. Wu says. "I move faster, because of my age and ignorance, you could say. In a way she holds me back, and I push her forward."

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