Panel:  What I’m Glad I Learned…What I Wish I Had Learned

Date:  Saturday, October 27th 2001
       8:30—9:45 am

Panelists:  Mike Levinthal, Ted Schlein, Adam Nash, Kit Rodgers, Erin Turner

Moderator:  Tina Seelig, Stanford University

Notes:

Tina Seelig:  The first question I would like to ask the panel is what you found most
valuable along the way?

Kit Rodgers:  I graduated in 1996. During my undergraduate education, I took a number of
classes in math and science and was planning on doing pre-med. I was also half done with
an engineering degree and thinking about product design. As I continued down the pre-med
track, I met Tom Byers and got interested in entrepreneurship. I ended up doing the
Mayfield Fellows program and a big element of that experience for me was the summer
work session, where we all had different jobs in industry and then in the fall we came back
and talked about it.

Adam Nash:  My parents were doctors, but I didn’t do premed. Instead I chose to do
computer science during my undergrad and this was helped me learn to work with peers by
making me teach my techniques in to others in various settings. During one summer, I
worked at Integral Research, and in 1995, I met Tom Byers and began taking several
entrepreneurship courses. These courses set the seeds for my doom. After graduating, I
worked as a software engineer for Apple and like it. Later, I worked as a software manager,
and that experience made me reflect about what I wanted to do. I realized that I needed to
have a better focus on business. So, in 1999, I entered the MBA program at Harvard
Business School and had the chance to work with the entrepreneurial group there, which
was a great experience.

Mike Levinthal:  I grew up here in the valley and saw how it took off from the early 60s. I
went to Stanford. I was thinking about doing architecture, but the program was horrible and
I woke up realizing that was not for me. So, I graduated in 1976 with a degree in product
design (Stanford didn’t have an entrepreneurship program at that time. I took an internship
with IBM at end of third year in college, got my masters in Industrial Engineering, and
realized that I wanted to get back into the venture business. I thought the venture business
would be fun, so I went to work for small company in Boston, where I worked for awhile
until coming back to the Stanford Business School for an MBA, which I finished in 1981. As
that time, it was the height of opportunities here in the valley and I took an opportunity
with someone who was on the board at the company I worked at in Boston, and we opened
up the West coast office for that company. And now, for last 20 years, I have mainly been
in the venture business, spending much of my time at Mayfield.

Ted Schlein:  I am now a venture capitalist. In 1982, while I was still in high school, I met
Arthur Rock, who was an early investors in Apple. When I asked Arthur what he did he told
me he takes something from nothing and turns it into something better. I thought this
sounded cool, so I decided I wanted to be a venture capitalist. I entered the arts and
sciences program at the University of Pennsylvania, and by default became an economics major. I also took a number of other courses, mainly at the Wharton School of Business where I had classes in decision sciences (which was the business version of computers at the time) along with a bunch of other business classes. One of my shaping experiences at Upenn was the encouragement I received to start two companies. By my second semester of my senior year, I had helped start the first company and then started my second, which was a resume company (I had the only laser printer around). I also spent summers in Silicon Valley where I worked for several software companies. When I graduated from Upenn, I went to the "Tom Byers University". Tom recruited me to work for Symantec (and I probably wouldn’t have if I had known how to read financial statements). I worked at Symantec for about 10 years and was able to see it grow from about $3-4 million to over half a billion. I then joined Kliener Perkins, where I have been for the last five years.

**Erin Turner:** I was an economics major during my undergrad at Stanford. However, I explored a lot of different things along the way. At some point, I became interested in the entertainment industry and met and early producer in the music space (new media was big deal at the time). I got good opportunity to work in that industry and then came back and did a Masters and took a number of entrepreneurship courses. One was Tom Kosnick’s on Global Entrepreneurial Marketing and Audrey McClean’s Technology Venture Formation. We had written a business plan for Audrey’s class and the started the company from that. We recruited a third person and did what was called the “Entrepreneurial Challenge” here at Stanford. From this experience, we got venture capitalists and angel investors to give us good feedback. Our opportunity was in the digital music space (before MP3) and we ended up getting investment Kliener Perkins. And we just recently sold company to Napster. Now I am doing consulting.

**Tina Seelig:** It seems to me that among the things you all mentioned as important factors are the following items:
- Parents background
- Exposure to many different areas
- Internships and mentors (in both companies and in classrooms)
- Student clubs

My next question is what do you wish you had now when you look back on your education?

**Mike Levinthal:** At the time that I was here, I had no peers thinking about entrepreneurial opportunities and there were no summer jobs in such areas. You went to the career office and only large companies would come to campus to recruit. In the product design area, I had classmates like Dave Kelley from IDEO, and others who were good examples of this entrepreneurial spirit and they went off and started their own company and did their own things. This “breaking away” was different from the textbook model of following someone which was the model we had been shown. The valley is now rich in resources to seek out such opportunities.

**Ted Schlein:** From school I wish I had gotten, but couldn’t find at the time, what I call “finance and engineering for dummies”. I didn’t want a deep understanding of those areas, but needed to understand what the financial statements were. I had to learn on the fly. For technology, I needed to learn a little more engineering speak, but had no background (two years out of school, I was managing engineers). The other things, I had to hunt out were economics professors who would give me credit for starting a company. Overall, I found no
substitute for the practical value of “doing” – this is what educators need to encourage today.

**Kit Rodgers:** I would have liked to have been exposed to different business models. For example, what are the underpinnings of a software business, and how do they make money? I stumbled in my experience working for a service company, and only later realized that I didn’t want to be there. As for faculties, I think mentorship played a huge role. The two Toms (Byers and Kosnick) really helped me at Stanford. The mentorship of a person who is industry can also be very valuable for programs.

**Adam Nash:** Many people needed a business model class when I was here. The ability to integrate education with industry, like Tom’s Mayfield Fellows\(^1\) program is invaluable. The ability to map my experience with others down the road, also was a great help to me. For example, I met Scott McNealy, and he was one of these types of people who were not out too long. The more entrepreneurial programs can tie people in industry and academia together, the better. Getting students involved in teaching can be also be great at refining experience while at the same time helping the younger generation.

**Erin Turner:** I think corporate finance class is invaluable for engineers, as well legal studies since entrepreneurs are dealing with this subject so often. Finally, it’s important to stress the people side – giving mentorship, exposure, and other ways of dealing with people – the things that can’t be taught in classroom

**Tina Seelig:** Overall, what I am hearing is the value of:
- Role models
- Exposure in courses such as finance, legal studies, engineering, and managing teams
- Mentorship
- Exposure

**Question from audience:** Are entrepreneurs prewired? Can you teach this sort of stuff?

**Tina Seelig:** I think it depends on risk assumption which is largely prewired, but you can also foster a curious environment to help create more chance making. This is an essential skill for universities, in order to help students grow the desire for entrepreneurship.

We often associate entrepreneurship with high risk in small companies, but entrepreneurship also occurs within large company in a division or line. These are similar skills that you can hone and shape and help people use to become successful. How many of these skills need to occur in the classroom?

**Adam Nash:** I think you need both. Some of the most successful entrepreneurial ventures are the ones that were dominated by student alumni. However, it is often difficult for large classrooms to get the personal involvement. Institutions need to create more student to student dynamics. Here, people can learn that things are possible by learning about the world and from doing it. They may not end up being the CEO, but these types of interactive experiences could give them the confidence to do it. Foster the knowledge that

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\(^1\) Mayfield Fellows is the equivalent of a nine-month entrepreneurial boot camp for a select group of 10-15 engineering students.
opportunities are out there, is another important role for entrepreneurial program and faculty can make this vision possible.

**Mike Levinthal:** The student groups are create. One idea would be to create a type of Mayfield Fellows Program for faculty. I would also encourage more of you and your colleagues to get real hand experience. It gives great exposure and both students and faculty end up getting better exchange of knowledge.

**Ted Schlein:** The classroom time is a fixed expense and experience in industry is a variable expense. Without the right fixed expense, the variable costs don’t work. In other words, you need both industry and academia.

**Question from audience:** What is the right balance of structure in classroom?

**Kit Rodgers:** It is important to have some structure. For example, the business plan class can help in this regard. People can slap a 30 page document together and be done. Or, students can take the plan and really involve more extracurricular sets of activities associated with the plan if they want. If you have a really interesting curriculum, where things can spin out, like a business plan, this helps.

**Erin Turner:** Clubs like BASES (Business Association for Stanford Engineering Students) are very important since students see that professors think these things are important. This is an effective way to extend beyond the classroom and creates a positive feedback loop.

**Question from audience:** What is the mindset of the engineering student?

**Adam Nash:** I would say that engineering students are interested in starting companies and doing something new. They are usually interested in some aspect of technology and want to make a difference and do something big. I would say that a majority of engineering students have that experience, but they need the mapping to help them funnel their creative passion into entrepreneurial outlets.

**Kit Rodgers:** A big part is helping student realize they are entrepreneurs. Students can be shown that they exhibit entrepreneurial tendencies. For example, I walked on the football team, without having played football in high school – this is entrepreneurial in a sense). Yet, it took encouragement from a few individuals to see that I was doing something entrepreneurial.

**Mike Levinthal:** I think this varies by department. In other engineering schools, like Astro, there is less entrepreneurship, but in my product design track, we had classes like creativity and design, that help those students have a little more exposure and they are the ones that maybe are a little more disposed to entrepreneurship than other engineering students.

**Tina Seelig:** Is an MBA worth it? What is the value of added education, given that many engineering and science programs are beefing up their exposure to such business exposure?

**Adam Nash:** I think they go together and complement with one another. Additional exposure after having time out really was valuable for me to help solidify learnings and it also gave me time to reflect on my experiences. Plus, the number and difference in peers at
B-school to learn from and debate with was immensely valuable. Likewise, I don’t think I would have ended up in my current venture position without a B-school education.

**Mike Levinthal:** I looked to get out of engineering-type roles and into more business functions, but didn’t have the credibility. I then had to go get the degree. But each path is different. Now, you can seek out and create the knowledge you want, it was different back then. Engineering and science programs with classes in entrepreneurship, combined with good coaching and mentoring, are very valuable. Even street vending can be as valuable as an MBA. Here you are learning hands-on what makes a company successful. Sure, I learned from my classmates and peers, but there are other things you can get there, other ways, like being a backyard sales person.

**Ted Schlein:** Since I don’t have an MBA, I have seen that MBAs have a number of tools and analytic tools at their disposal that can be useful to them in the future. If you have a lot of that built into engineering programs, then maybe an MBA in not so valuable.

**Question from audience:** What are the most valuable classes?

**Mike Levinthal:** Some classes seem really boring, but the professors are exciting and can make the topic very valuable and insightful, so I can’t really generalize.

**Ted Schlein:** I visited a class on valuation recently and didn’t understand one bit of it – and that is what I do! If you really teach, make sure it’s practical and up to date, that is what the students really need.

**Question from audience:** How many of you would say that access to venture capitalists was important? (panelists agree that it is). What about access to venture capital in non silicon valley areas?

**Ted Schlein:** Venture capitalist will go to you. If you create the right programs, they will come.

**Question from audience:** Would you shy away from traditional, family owned, businesses?

**Ted Schlein:** As was said before, entrepreneurship can occur anywhere and within even large companies. Mentorship from individuals who have worked they up a traditional corporation can even be more valuable than venture capitalists since they have done it.

**Mike Levinthal:** Starting a company without capital is a great thing to do, because it is more closely aligned to reality. Those types of entrepreneurship can be very valuable sources to a school’s entrepreneurial program since they can show how people start companies with their own money, or little outside capital.

*Notes taken by Chris Bingham, Stanford University.*