How do you define the center of entrepreneurship?

Charting new territory can be a daunting—and lonely—endeavor. That’s why a robust entrepreneurial community is essential for innovation—and why the insights, energy, support, talent, and old-fashioned inspiration our alumni, students, and faculty members glean from one another lead to such remarkable success—in the startup world and beyond. Put that community in New York City, with its growing Silicon Alley and convergence of industries from clean-tech to media, and you are at the center of entrepreneurship. Excitement for new ventures is more palpable than ever, but our commitment to fostering an entrepreneurial mindset has always been a force to be reckoned with—because in any organization, it’s the leaders who bet on their unique vision of the future who change the world.
Entrepreneurial Greenhouse Program
Select a Master Class where students build and hone their businesses, receive practical guidance, and pitch to investors. Sponsors—which include venture capital and consulting firms—provide financial support, advice, and mentorship. The program has supported 375 student-led startups since its founding in 1999. Nine of the alumni in the inaugural Columbia Startup Lab class (p. 4) developed their businesses in the program.

Innovation and Entrepreneurship at Columbia (IE@Columbia)
This cross-University program led by professors Murray Low and Cliff Schorer (p. 9) nurtures high-potential ideas developed by multidisciplinary teams comprising students, faculty members, and staff from across the University. Recent IE@Columbia startups include epiBone, Loansprite, and WordsEye.

Entrepreneurial Sounding Board
Opportunity for Columbia Business School students and alumni to engage in scheduled one-on-one sessions with industry practitioners and entrepreneurs—the perfect format to ask questions and get advice on ideas and next steps.

Eugene M. Lang Entrepreneurial Initiative Fund
Each year, students compete for the opportunity to pitch to the Lang Fund Board, which provides seed support to a select number of student ventures. Established by Eugene M. Lang ’40 in 1996, the fund has invested $2.7 million to date in student ventures like Hill Country (p. 13) and VerTerra (p. 19).

Entrepreneurs in Residence Program
Seasoned entrepreneurs from a range of industries offer workshops and mentoring sessions to students, faculty members, and staff from across the University who are launching businesses. Current entrepreneurs include Derek Lee ’08 of LG Fairmont, Jim Moore ’95 of J. Moore Partners, and Kevin Quinn ’91 of Genki Advisory.

Lean LaunchPad
This class, taught by Steve Blank and Bob Dorf (p. 9), coauthors of The Startup Owner’s Manual, challenges student teams to develop fundable, high-potential businesses through rapid development and constant improvement. Other popular entrepreneurship courses at the School include Entrepreneurial Finance (taught by Dean Glenn Hubbard), Launching New Ventures, Innovate or Die, and Digital Literacy for Decision Makers.

Lion’s Lab
Start-up accelerator for first-year MBA students who come to Columbia with a focus on launching a venture while they are still in school.

Harlem Biospace
Biotech incubator situated near Columbia University, Columbia’s future Manhattanville campus, and City College of New York that nurtures early stage ideas that have the potential to address real health problems. Cofounded by Sam Sia, a Columbia professor of biomedical engineering.

Spark Workshop Series
Workshop series where social entrepreneurs solve challenges, explore resources, and make connections. Recent topics include funding sustainable health programs in urban slums and crowdfunding for social innovation.

Social Innovators’ Showcase
Social entrepreneurs innovating towards sustainable communities pitch their ventures at the School’s annual social enterprise conference. Jane Del Ser ’10, managing director of Center4, will moderate the event on October 31, 2014. Past participants include Casey Santiago ’06, founder of Kangu.org (p. 31).

Eugene M. Lang Entrepreneurship Center
Social enterprise program where social entrepreneurs solve challenges, explore resources, and make connections. Recent topics include funding sustainable health programs in urban slums and crowdfunding for social innovation.

Columbia Entrepreneurs Organization (CEO)
One of more than 50 student-run organizations, CEO brings students interested in entrepreneurship together with successful entrepreneurs and innovators throughout the academic year via panels, events, and workshops.

NYC Startup Treks
Students visit startups throughout NYC for information sessions, workshops, and networking events via this initiative spearheaded by the Columbia Entrepreneurs Organization (CEO) and student leaders Meghan Cross ’15, Mike Vieten ’15, Elias Wehbe ’15, and Pete Wallach ’15.

Columbia Startup Lab
Summer at Harlem Garage
Thirty teams of Columbia Business School students worked on their startup ventures over the summer alongside Harlem entrepreneurs at new co-working space Harlem Garage.

Columbia University-Harlem Small Business Development Center
Offers free counseling to growing businesses in NYC. Funded in part by the US Small Business Administration, the center has worked with more than 1,300 businesses, helping them invest more than $8 million in the area’s economy and create or save 519 jobs since its founding in 2009.

Start-up Law Workshop
Interactive sessions for students and alumni offered by Columbia Entrepreneurship and the Lang Center that cover the most important legal issues facing startups.
Small Business Consulting Program
Students provide pro bono consulting services to early stage small businesses and nonprofits.

#StartupColumbia
The University’s inaugural entrepreneurship festival last April attracted hundreds of attendees and brought dozens of notable entrepreneurs and investors to campus (including Drew Houston, Alan Patricof ’57, and Shazi Visram ’04) and gave away $50,000 in prize money to Columbia entrepreneurs. Save the date: #StartupColumbia 2015 will take place April 9–10, 2015.

InSITE
Paul Tumpowsky ’00 chairs this program (p. 4) that enables selected students from top universities to advise early stage tech companies. Ed Rayner ’13, one of about 200 alumni who have participated in the program, worked with SocialBicycles and now serves as its CFO and COO (p. 18).

Columbia Venture Community
Chapters in NYC, Boston, LA, and San Francisco comprising faculty members, alumni, and students from across the University host networking events, workshops, demo nights, and job boards. Coleman Skeeter ’12 manages NYC social events and Victoria Cheng ’11 heads LA events. Keren Perry-Shamir ’05 and Zeke Mandel ’03 serve on the digital team.

Columbia Organization of Rising Entrepreneurs (CORE)
Columbia College’s student entrepreneurship society hosts frequent workshops and networking events with top entrepreneurs. Recent speakers include Mike DeBenedittis ’06 of EnergyHub and Cyrus Massoumi ’03 of ZocDoc.

Columbia Entrepreneurship
Helps students, faculty members, and alumni from across the University launch ventures, fostering collaboration between schools, student clubs, and alumni groups via keynote speakers, mentorship programs, and workshops on entrepreneurship, design, and more.

Columbia Technology Ventures
Serves as a resource for the Columbia community on entrepreneurship, intellectual property, and technology commercialization. Has helped launch more than 150 companies based on research and technology developed by Columbia University faculty members and students.

Columbia-Coulter Translational Research Partnership
Led by Columbia’s Department of Biomedical Engineering with support from the Wallace H. Coulter Foundation, the program awards selected teams (open to students from across the University) with guidance and funding to advance nascent biotech ideas from conception to proof-of-concept.

Health Tech Assembly
Brings together health-focused entrepreneurial students and faculty members from Columbia’s medical, engineering, and business schools and provides guidance on turning ideas into products and companies.

NY Tech Day
Columbia Business School was the exclusive educational sponsor of NY TechDay 2014, the largest startup fair in the world (p. 38). Columbia experts like Vince Ponzo ’03 (p. 8), director of the Lang Center, judged pitches from entrepreneurs; Andrew Jaffee of GetLoodo won a one-hour coaching session with serial entrepreneur Bob Dorf. Mark your calendars: NY Tech Day 2015 will take place in the spring.

Are you an alum involved with a startup or do you know of fellow alumni launching or growing new companies? If so, please let us know—we’d love to hear from you! Please e-mail the Lang Center at entprog@columbia.edu.
Fall Venture Fair
Annual Lang Center event where students showcase their business ideas to successful entrepreneurs and practitioners from the Columbia Business School community and wider NYC ecosystem. Recent fairs have taken place at such NYC tech hubs as AppNexus (Michael Rubenstein ’04 is president) and Google (where more than 35 alumni work).

NYC Seed
Partners with the NYCEDC and other local organizations to provide funding and support to seed-stage tech entrepreneurs in the city. Owen Davis ’08 (p. 5) is managing director.

NYC Media Lab
Launched by the NYCEDC, Columbia University, and New York University, the lab connects companies seeking to advance new media technologies with university labs, programs, and talent in NYC to generate research and innovation.

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Dorm Room Fund
Student-run venture firm backed by First Round Capital that invests in student-run companies. Columbia Business School students Nolan Walsh ’15 and Deb Li ’15 are selecting ventures in NYC.

PowerBridge NY
Collaboration between Columbia University, Brookhaven National Laboratory, Stony Brook University, Cornell NYC Tech, NYU Polytechnic School of Engineering, and City University of New York to leverage clean energy innovations from institutional research labs to create more and stronger energy businesses in New York State.

37 Angels
Angel investing training program for women founded by Angela Lee ’07.

I-Corps
Columbia is among several leading universities collaborating with the National Science Foundation to offer its I-Corps program, which uses the Lean LaunchPad methodology to prepare scientists and engineers to extend their focus beyond the laboratory and broaden the impact of their research.

Columbia Startup Lab
In June, 28 Columbia Business School alumni began honing their business plans at WeWork’s SoHo West location alongside other recent graduates from Columbia College, the Fu Foundation School of Engineering and Applied Sciences, the School of International and Public Affairs, and the Law School (p. 4).

New York City Economic Development Corporation (NYCEDC)
NYC’s primary engine for economic development. Chris Leng Smith ’88 is a senior vice president of real estate transaction services. Now in its fifth year, the NYC BigApps competition invites entrepreneurial thinkers to solve NYC’s toughest civic challenges. (ChallengePost, founded by Brandon Kessler ’07, hosted the competition from 2009–13.) Hopscotch, cofounded by Jocelyn Leavitt ’07, won last year’s Best Lifelong Learning App (p. 11).

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Celebrating Our Entrepreneurial Community

In June, producers from ABC’s Shark Tank visited Columbia Business School for an exclusive all-day casting call (p. 9). Twenty-eight teams of students and alumni pitched their startups for a chance to appear on the hit show. “Shark” investor Barbara Corcoran also stopped by to share her thoughts on what makes our students “a cut above” other entrepreneurs.

While that’s just one of many recent examples of how our community members are driving this age of startups, entrepreneurship has always been woven throughout our curriculum: It is more than the process of starting a business—it is about identifying, capturing, and creating opportunities.

This issue of Columbia Business celebrates our far-ranging entrepreneurial community, from leaders like Don Kurz ’79 (p. 16) who are growing established firms in new directions, to social entrepreneurs like Hardika Shah ’09 (p. 32), whose innovative lending company is helping small business owners in India follow their entrepreneurial dreams—and provide jobs to hundreds of first-time job-seekers. All of the alumni featured in this special issue share a hallmark of a Columbia Business School education: an entrepreneurial mindset, which is crucial for all organizations—small or large, new or old, for-profit or not-for-profit.

Glenn Hubbard
Dean and Russell L. Carson Professor of Finance and Economics

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Sowing Startup Success
Owen Davis ‘08, managing partner of NYC Seed, helps local startups live up to a mantra of his: Anyone can launch.

6 LAUNCH
Transforming Safety
The wearable technology being created by Linda Chase-Jenkins ’93 has the potential to prevent life-altering injuries—and transform the market.

7 Angel Investing: The New Alternative Asset
Ten tips for building your startup portfolio from investor, entrepreneur, and author David S. Rose ’83.

8 YOUR CAREER
How Can You Be Entrepreneurial in Any Organization?
Vince Ponzo ’03 demystifies the entrepreneurial mindset.

9 “Lean Startup” Innovation—Not Just for Startups
Companies of all sizes can accelerate innovation, writes customer development expert Bob Dorf.

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Professors Damon Phillips and Evan Rawley discuss why entrepreneurship resists easy study and how their research is tackling some of the biggest questions in the field.

24 Savvy Risks, Sustainable Rewards
Bruce Usher addresses how—and why—to take smart chances on renewable energy.

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Recently announced promotions and new positions.

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Alumni and student entrepreneurs shared their startup successes as part of “Columbia Alley” at NY Tech Day.

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Alumni gifts are helping student entrepreneurs transform ideas into thriving companies.

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The Entrepreneurship Issue

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A celebration of Columbia Business School entrepreneurs.

25 Taking Flight Interview by Amanda Chalifoux
Serial entrepreneur and Room 77 CEO Drew Patterson ’06, who served on the founding teams of Kayak, Jetsetter, and Checkmate, says that to get a venture off the ground, you really just have to start.

28 Startups for a Better World by Abigail Beshkin and Amanda Chalifoux
More and more alumni entrepreneurs are launching ventures to serve the greater good.
Your Best Entrepreneurial Advice

We asked our Twitter followers to tell us the best entrepreneurial advice they’ve ever received. Here’s a sampling of their responses.

@jeanclervil: When you procrastinate, you tell your dreams to wait.
@johnlavallo: Don’t become friends with your employees (especially outside of work). It makes it so much harder if you have to fire them.
@joxyNYC: The best entrepreneurial quote is the one I gave myself: My dream job is the one I’ll create.
@marcoandthispolo: Start as soon as you can. Test and listen to your users. Fail fast, then improve.
@mike_coogan: Send handwritten thank-you notes.
@saViramontes: It’s easy to over-extend human and capital resources during growth stages. Managing and projecting cash flow is king!
@ShereenAnisi2: Surround yourself with people who have different skills than you. Everyone benefits from complementary skills.
@YaelSNYC: Done is better than perfect.

Paul Tumpowsky ’00: Growing Silicon Alley

In 1999, before the dot-com bubble, Silicon Alley existed but with very little infrastructure or community. Paul Tumpowsky ’00 set out to change that. With other students from top graduate programs in business, law, and engineering, he cofounded the InSITE Fellows Program, a two-year curriculum where students provide consulting services to startups, culminating in a high-profile pitch event with investors. About 600 fellows have graduated from the selective program, which is now also run in Boston, Silicon Valley, and Washington, DC. “Virtually all efforts to ‘teach’ entrepreneurship in a classroom fail without real-life exposure,” says Tumpowsky. “Whether it’s Steve Blank or other well-known experts in this area, most of their teachings are based on experiences that they have learned from. Entrepreneurship is a lot of trial and error. Without exposure to that, it’s difficult to learn what it is to be an entrepreneur.”

Liz Wilkes ’13, founder of Exubrancy, Emily Washkowitz ’14, founder of Shareswell, Delphine Braas ’14, cofounder of Sailo, and Matt Robins ’13, founder of DeansList (left to right) are among the 28 Columbia Business School alumni honing their ventures alongside other recent Columbia graduates at Columbia Startup Lab. Situated at WeWork’s SoHo West location, the co-working space offers heavily discounted rent and access to exclusive training from Columbia’s faculty and alumni network. “Everyone [here] is so inspiring,” says Washkowitz. “I’m excited to work together and leverage all the resources here.”
His NYC Legacy

If it seems like there's a startup—and startup incubator—around every New York street corner, it's in large part due to NYC Seed, which funds NYC-based early stage tech firms. In 2007, serial entrepreneur Owen Davis '08 and several fellow local entrepreneurs saw that many promising NYC-based tech startups were struggling to secure capital. “We assembled a group of partners to address that,” Davis says. “The ecosystem needed funds directed at that early layer of capital.” Partners, who provide funding, include Empire State Development and the Partnership for New York City (where Russell Carson '67 and Henry Kravis '69 play active roles). To date, NYC Seed has supported more than 60 startups—such as Contently, a rapidly growing online marketplace where brands connect with journalists to create compelling sponsored content.

How He's Helping New York Startups

NYC Seed offers more than funding—it nurtures promising early stage startups through an extensive network that links new founders with experienced entrepreneurs and mentors, other firms, and talent. "It’s invaluable to be surrounded by people who know the pattern and the rules of thumb that will get a business going," Davis says.

An entrepreneurial populist of sorts, Davis teaches the School’s Launching New Ventures course, which he likens to the animated film Ratatouille, the 2007 hit about the rise of an unlikely celebrity chef. “The film’s theme is, anyone can cook,” Davis says. “The class’s theme is, anyone can launch. I don’t believe people are born with a startup gene. There’s a process that will minimize silly mistakes new entrepreneurs make.”

The Big Apple Advantage

Davis radiates confidence in New York’s potential for startups, even in contrast to Silicon Valley. “We actually have more of something than the Valley: customers,” he says. “If you’re a startup catering to the ad industry, you should be here. In financial technology? Same. In creative design or media human capital? New York has it in droves.”

And then there’s simply the city itself. “Let’s be real,” Davis laughs. “What city is better than New York?”

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—Kimberly Kinchen
Veteran management consultant Linda Chase-Jenkins ’93 is leading a multidisciplinary team of engineers to develop a wearable material that transforms upon impact into a rigid brace, preventing devastating injuries to the spine, head, and neck.

A Critical Need
My husband is a neurosurgeon who sees a lot of patients—mainly teenagers and young adults in their 20s and 30s—who have been paralyzed by injuries suffered while playing sports like skiing, hockey, or football. These are moments that change peoples’ lives forever. And the cost to society is huge because these are often young and healthy individuals who need to be taken care of for the rest of their lives. My husband was always saying, “I wish they had been wearing a neck collar before the accident.” We worked backwards, asking, “What would a wearable device have to be like to get normal people to wear it?”

Poised to Transform the Market
There’s a big need in the sports safety market for something that is comfortable, doesn’t inhibit performance or look silly—and that protects from injury. Our first device will be a soft fabric that freezes into a rigid brace immediately upon impact. It can be deactivated once you no longer need it. We’re also looking into how our material can attach to helmets to prevent concussions. We’ve already had discussions with sportswear companies and are also considering other types of distribution.

Faster Than an Airbag
We’re working with a really talented team of engineers and researchers to incorporate the latest technology into our next—generation prototype. We’re developing thin, small electromagnetic plates that lock together into a rigid brace just at impact, before the spine begins to deform or break. It’s very exciting because this sort of electromagnetic design with sensing technologies—our material responds like an airbag but much faster—has never been done before.

Sunday Night Conference Calls
A benefit of entrepreneurship is that I have more autonomy and less travel than in my corporate career, when in one week I could be in London, Paris, and Cape Town. Within reason, I set the hours and the project timelines. For example, we meet with one of our engineering teams on Sunday nights (after the kids go to bed). But the biggest benefit will be creating something tangible that will save or change people’s lives.

—as told to Simone Silverbush
Angel Investing: The New Alternative Asset

BY DAVID S. ROSE ’83

Angel investing is when individuals invest their personal capital to help finance a recently founded company. Over the long run, carefully selected and managed portfolios of personal angel investments can produce an average annual return of more than 25 percent, which compares well to virtually any other use for your money. Even better, you often get a ringside seat at a venture that is out to change the world, direct access to company CEOs who may become the corporate magnates of tomorrow, and early access to the latest products and services before they become generally available.

However, a large majority of self-proclaimed “angel investors” actually lose money because they do not carefully manage their investments, take a long-term view, or have a clue about how to approach angel investing as a serious part of an alternative-asset portfolio. Here are ten tips to start you on the path of successful angel investing:

1. **Be sure you qualify as an Accredited Investor.**
The SEC limits investments in private companies to people who have a steady annual income of at least $200,000 (or $300,000 together with a spouse), or net assets (not including the value of their primary residence) of at least $1,000,000.

2. **Have a long-term perspective.**
Angel investments are completely illiquid and cannot be sold until the company is acquired, which typically takes 5–10 years. This means you must be in it for the long haul and comfortable with no access to your angel capital for a decade.

3. **Don’t invest more than you can afford to lose.**
While statistically angel investing is overall a high-return asset class, each individual angel investment is extraordinarily risky, and most will fail. Experts suggest investing no more than 10 percent of your annual free cash flow into angel opportunities.

4. **Invest the same amount in each company.**
No one opportunity is “less risky” than another—regardless of appearances—so have the discipline to invest the same amount into each company in your portfolio. That’s the only way the statistical Law of Large Numbers works to protect you.

5. ** Reserve additional capital for follow-on rounds.**
Every company always needs more money, whether it’s for happy reasons (to fuel growth) or not-so-happy ones (revenue projections were off). Early angels can see their ownership interest in a startup greatly reduced if they can’t fund again when the company needs it.

6. **Invest in a large portfolio of companies.**
Because most startups fail, you need to invest in enough companies to have a good chance of getting at least one “home run.” Most experts suggest that means investing in at least 20 to 30 companies over the course of an angel career.

7. **Be extremely selective in making investments.**
Whereas venture capital funds typically review up to 400 opportunities for each early stage investment, professional angels are generally only able to look at 30–40 company presentations before writing a check. Be aware that “all that glitters is not gold” and don’t jump at one of the first pitches you see.

8. **Be very careful about valuations.**
Serious angels understand that for the rare “home run” to more than make up for all the startups that fail, it’s important to aim for a return of 20 to 30 times the original investment on each deal. This can come from an enormous exit, but it is more likely to result from having invested when the startup’s valuation was between $1M–$3M, the national average for a pre-revenue startup.

9. **Proactively support your companies.**
The best angels develop reputations as “smart money,” because they add value to their portfolio companies through wise advice, mentorship, and important introductions to customers and other investors. That said, be sure your help is additive to the company; don’t be a pain in the neck to the CEO.

10. **Join an angel group for deal flow, scale, and support.**
Finally, there’s no question that the best way to get your feet wet in angel investing is to join a professional angel group that is a member of the Angel Capital Association. These groups provide a wonderful introduction to the field, are a great source of angel mentors, and give you the option both to see carefully vetted investment opportunities and to pool your investment with those of other investors, which significantly improves the likelihood of your being a successful angel.

“Carefully selected and managed portfolios of personal angel investments can produce an average annual return of more than 25 percent.”

How can you be entrepreneurial in any organization?

No word captures the zeitgeist of today’s business environment better than “entrepreneurial.” The word is everywhere: in pop culture, on the news, and most importantly, reverberating through businesses of every size. So how can you learn to be more entrepreneurial within your organization?

First, let’s touch on why an entrepreneurial mindset is important. Today, the status quo for businesses is constant change, largely due to accelerating technological advancement, the erosion of brand loyalty driven by easy access to comparative information, and new local and global entrants regularly altering market equilibriums. An entrepreneurial mindset allows you to stay ahead in this competitive environment by creating and responding to opportunities in your business, industry, and career.

Now let’s discuss how to get there.

**BE SELF-AWARE**
Start by assessing your strengths, weaknesses, and overall tolerance for risk. Reflecting on your biggest personal and professional successes, failures, and times of greatest growth will provide you with signposts for this exercise. Questions to ask at this stage include: Am I a naturally curious person? Do I prefer to work alone or as part of a team? Am I at ease in chaotic or undefined situations? Do I prefer a regular routine or an ever-changing schedule? How quickly and thoroughly do I bounce back from rejection or hard times?

This self-assessment will serve as a road map for the following steps—and allow you to make quicker and better decisions.

**DO THE MATH**
Weigh your tolerance for risk against personal responsibilities and the context of your organization. Having a big mortgage, children in school, or other obligations, for example, may require you to move forward in smaller increments, even if you have a high tolerance for risk. Similarly, if you work in a conservative industry or corporate environment, you’ll want to advance at a measured pace.

**GET OUT OF YOUR COMFORT ZONE**
Expose yourself to new ideas and processes by seeking out unfamiliar experiences like reading different books and websites, trying new food, and traveling to new places or parts of town. If done without judgment, these experiences will ultimately give rise to new ways of thinking and problem solving; innovation comes from adding to, subtracting from, or combining ideas. (When Gutenberg invented the printing press, for example, he put the wine press and the coin punch together.)

**EXPAND YOUR NETWORK**
Regardless of your location and industry, there are entrepreneurial people at your organization; find and connect with them. It might not be immediately obvious who they are, but by initiating conversations, sharing ideas, and looking for clues—such as co-workers’ past work experience via LinkedIn, their associations with others at the office, and even reading materials on their desks—you will eventually find kindred spirits. Connecting with entrepreneurially-minded people will provide you with support and insight into how entrepreneurial thinking is viewed in other parts of your organization, which could be a good place to look for opportunities.

**TAKE ACTION**
Find the appropriate place and opportunity within your organization to be entrepreneurial and move forward. For example, look for new markets for existing products and new products for existing customers, or find a way to cut costs through negotiation or new technology. Be smart and decisive and move in small, controllable increments to allow for pivoting. Document your progress and find ways to measure the positive impact of your actions. If you don’t see an appropriate opportunity, don’t force one; opportunities will come with time or further exploration. But stay focused: there is a big difference between lack of opportunity and lack of action.

By following and repeating these steps, you will learn a lot about yourself, your organization, and your entrepreneurial opportunities. Stay attuned to your skills and your organization’s appetite for risk and continue to calibrate the risks and rewards of each opportunity. And remember that sometimes it’s better to ask for forgiveness than permission.
“Lean Startup” Innovation—Not Just for Startups

BY BOB DORF

As Lean LaunchPad, the course I teach at Columbia Business School, completes its third year in the School’s curriculum, the “lean startup” has clearly found a home at Columbia, with more than 500 students from across the University exposed to the rigorous methodology pioneered by the popular block week instructor (and my Startup Owner’s Manual coauthor), Steve Blank.

Lean LaunchPad is based on the widely adopted customer development method Steve spent a decade developing, refining, testing, and teaching—after some 30 years spent building eight startups, including his last meteoric IPO. While it’s hard to detail in a few words, this method guides disruptive innovation in both startups and big, established companies alike. It’s a test-and-iterate system similar to the scientific method, exposing every aspect of the startup or business unit to customers within days of launching the new business.

Much of the core methodology has proven as useful and exciting to students headed to Citibank, Goldman, or GE as it has been for those who are launching or growing new companies. Here are key guiding principles of the approach:

- **Most startups fail, not for lack of tech or creativity, but for lack of customers**—so engage the customer in developing the business vision from day one.

- **Customers don’t read business plans, so why spend months writing one?** Use a simple, shorthand “business model canvas”—a visual chart that describes a firm’s value proposition and key parameters—to identify hypotheses you need to test.

- **Successful businesses demand much more than great products.** Marketing, channels, pricing, partners, and more can be tested and iterated long before launch so that you know what will work when the business is ready to go.

- **Your customers’ opinions are the only ones that matter**, so get out of the building! (This is the method’s mantra.) Get face-to-face with as many customers as possible.

- **Use the learning to evolve, iterate, or “pivot”** (the startup term du jour) the business model to eliminate failure points long before the product or business is launched.

Few if any Fortune 500 companies have done this better than GE and its energy systems business unit. Driven by GM’s passionate lean practitioner Prescott Logan, coached by Steve and myself, this “startup” used global customer feedback to develop its innovative sodium industrial batteries. In about four years, the approach has helped the unit skyrocket from an idea and some chemistry to revenues approaching $100 million, with much more growth ahead.

Bob Dorf is the coauthor (with Steve Blank) of *The Startup Owner’s Manual* (K & S Ranch, 2012) and has taught entrepreneurship at Columbia Business School since 2012.
A workplace nap pod. An impact accelerator for social ventures in Latin America. Lingerie made with 24-karat gold thread. A film about former gang members—produced by a marketing agency. Here we celebrate the breadth of the Columbia Business School entrepreneurial community by spelling out some of the founders and disruptive leaders whose passion for the “magical process” of creating something from nothing (as put by Alex Dickinson ’95, whose fingerprint technology is in the iPhone—p. 14) is exemplified by the startups and business channels they are leading. Each letter of the alphabet could stand for any number of Columbia entrepreneurial successes, so here we hope to introduce you to some new faces and names, celebrate these multitudinous paths—and maybe even inspire your own entrepreneurial spirit along the way.

Our business founders and entrepreneurial leaders are proving that many startups don’t just succeed. They thrive.

BY AMANDA CHALIFOUX AND SIMONE SILVERBUSH • ILLUSTRATED LETTERS BY DAVID SIERRA
**Art Rentals**

Working for a private equity fund in Manhattan, Nahema Mehta ’14 knew several friends with beautiful apartments but empty walls—and gallery owners and artists with artworks in storage. “A match made in heaven? I thought so,” says Mehta, whose Art Remba enables members—both individuals and businesses—to browse paintings and photographs from leading galleries online and borrow them for $50 to $700 a month. (“Remba” means “to make beautiful” in Swahili). The company insures, delivers, and installs each piece, which customers can rent to buy: 50 percent of their monthly fee goes toward the purchase price. “The idea is to democratize access to the exclusive art world, let novice collectors try works out before buying, and help galleries and artists earn extra cash,” says Mehta, who was named a Game Changer by Glamour magazine in June. [ARTREMBAA.COM](http://ARTREMBAA.COM)

**Baby Clothes, Recycled**

When sleep-deprived parents find themselves with barely worn bibs and onesies their babies have already outgrown, it can be tempting to toss them. Enter Little Bean Sprout, cofounded by Karina Fedasz ’00 in 2013. The company sells new and gently used children’s garments from high-quality brands through a retail and resale approach; buyers have the option of selling these garments back to the site via a prepaid mailer once their little ones outgrow them. Customers choose to receive either 15 percent of the original purchase price in store credits that can be used to buy other items on the site or 5 percent in PayPal cash back. Credits can also be gifted to another parent or donated to charity. “Textile waste accounts for 15 percent of landfill waste,” says Fedasz. “We can do something about that by making it easy for parents to reduce, reuse, and recycle.” [LITTLEBEANSPROUT.COM](http://LITTLEBEANSPROUT.COM)

**Coding for Kids**

“Like Legos for software”—that’s how cofounders Jocelyn Leavitt ’07 and Samantha John talk about their mobile app, Hopscotch, which invites kids—or anyone who wants to make software—to code their own animations, games, and apps. Problem solving and play are one and the same as users drag and drop blocks of code (no typing required) and then watch and share their creations. Kids who want to build custom apps can buy kits—sort of like virtual Legos kits—with instructions and digital assets. Hopscotch has already racked up awards from the Children’s Technology Review, the Parent’s Choice Foundation, and NYC BigApps. In June, the startup was selected to work rent-free at Grand Central Tech, a new co-working space next to Grand Central Terminal. “We never could have envisioned this kind of explosive growth,” says Leavitt. “Learning to code is empowering the next generation of innovators.” [GETHOPSCOTCH.COM](http://GETHOPSCOTCH.COM)

Leavitt served as a panelist at #StartupColumbia, the University’s inaugural entrepreneurship festival. Watch the video: [bit.ly/cbs-leavitt](http://bit.ly/cbs-leavitt)
Empowering Entrepreneurs

Entrepreneurs investing in entrepreneurs in the developing world—it’s a growing trend generating real results. Agora Partnerships, founded by Ben Powell ’05 (left), is strengthening startups in Latin America that are addressing seemingly intractable social and environmental problems like employment for marginalized youth in rural Nicaragua. Agora has supported more than 67 entrepreneurs with its impact accelerator and has raised more than $13.7 million for participating startups. “We know that improving the quality and quantity of global entrepreneurship is essential, especially in our poorest communities,” Powell says. Camilla Nestor ’02 (right) takes a similarly integrated approach. As vice president of global programming for the Grameen Foundation, she leads a team that is equipping farmers in Africa, the Americas, and Asia with mobile tools that provide both agronomic information—insights into which crops grow best in certain areas, for example—and tailored financial products. “We’re putting tools directly into the hands of the poor so they can transform their lives,” Nestor says. “We’re small enough to be nimble and entrepreneurial and large enough to have significant impact and influence.”

AGORAPARTNERSHIPS.ORG
GRAMEENFOUNDATION.ORG

Design à la Française

When Emmanuelle Rio ’04 moved to London and started decorating her home, she pined for the chic, one-of-a-kind pieces she grew up with at her parents’ homes in Paris and the Fontainebleau countryside. No single high-end retailer offered a range of home accessories that satisfied her, while faraway specialist shops required time-consuming logistics. So in 2011, Rio left her career in banking to welcome interior designers and retail clients to Belgrave Place, a site offering unique interior décor pieces from around the world—like glass tumblers hand-painted by renowned Parisian artist Joy de Rohan-Chabot (above). “I wanted to create a world of interiors without borders,” says Rio. “A perfectly curated and refined offering of singular artists and craftsmen just a click away.”

BELGRAVEPLACE.COM

Fund Firm Founders

When Peggy Woodford Forbes ’80 (below) founded Woodford Capital Management in 1990, she knew she was a trailblazer—finance was very much still a men’s club—but she didn’t know she had made history until a client told her that she was the first African-American woman to start an investment firm in the United States with a focus on growth equities. “I had never thought of that,” says Forbes. “What inspired me was wanting to start a firm of my own.” It’s a value Forbes, now retired, instilled in her daughters, Maya and China, who remember their mother’s graduation from Columbia Business School—“it made an indelible impression on them,” says Forbes. Last January Maya’s Infinitely Polar Bear, a film inspired by her parents, debuted at the Sundance Film Festival featuring a song written and performed by China (the lead singer of Pink Martini), with Forbes’s granddaughter playing a leading role. “I’m very excited by their accomplishments,” says Forbes. “As a mother I’ve always wanted my daughters to own what they do to the extent that they can.”

Forbes is one of hundreds of alumni who have founded their own money management firms, including:
Louis Moore Bacon ’81
Moore Capital Management
Daniel M. Cain ’72
Cain Brothers
Russell L. Carson ’67
Welsh, Carson, Anderson & Stowe
Jerome A. Chazen ’50
Chazen Capital Partners, LLC
Mario J. Gabelli ’67
GAMCO Investors, Inc.

Henry R. Kravis ’69
Kohlberg Kravis Roberts & Co.
Bill Lambert ’72
Wasserstein, Perella & Co., Inc.
Henry S. Miller ’70 and Ken Buckfire ’B7
Miller Buckfire & Co.
Anna Nikolayevsky ’98
Axel Capital Management
Henry Swope ’83
Talpion Fund Management, LP
William A. von Muffling ’95
Cantillon Capital Management
Lulu C. Wang ’83
Tupelo Capital Management LLC

David del Ser Bartolome ’08 founded Frogtek to equip shopkeepers in Latin America with an easy-to-use mobile app to improve their business operations: bit.ly/cbs-delser
Hill Country Hospitality

Thanks to Marc Glosserman ’06, you can go deep in the heart of Texas—in the Northeast. Meats at his Hill Country Barbecue Market (in Manhattan, Brooklyn, and Washington, DC) are smoked in a custom meat-smoking room and served up counter-style on butcher paper. Authentic treats from the Lone Star State abound—like Kreuz sausage from the legendary market, Blue Bell ice cream, and Big Red soda. While the barbeque joints pay tribute to Glosserman’s paternal Texan grandparents, his newest restaurants, Hill Country Chicken (Manhattan and Brooklyn), honor the home-style cooking of his mother’s side of the family with fried chicken, fresh-cut fries, and homemade pies. Named to Crain’s New York Business 2014 40 Under 40, Glosserman crafted a don’t-mess-with-Texas-style business plan, too: a franchise spanning restaurants, pop-ups, catering, and mail-order pies, his Hill Country Hospitality topped $24 million in sales last year.

GRANDMENTOR

Seniors often have free time. Grade-school students, particularly those from low-income families, often need extra help. Grandmentor makes a mutually beneficial match, pairing them up to read and discuss picture books via free video-conferencing that students access at their schools. An educator-developed e-guide helps mentors ask questions about each book. Cofounded by Marc Lara ’04, Grandmentor aims to improve children’s literacy rates and promote healthy aging among the one in five Americans who will be 65 or older by 2030. “Both the children and seniors involved so far love the program,” says Lara, whose day job is growing MicroHealth, a startup that helps people with chronic conditions lead healthier lives through mobile technology. “We’re just getting started—these relationships have the potential to transform lives.”

HILLCOUNTRY.COM

GRANDMENTOR.ORG

Jared Grusd ’06, head of corporate development and general counsel at Spotify, was named among the 100 “coolest people in New York tech” by Business Insider and as one of “tech’s most powerful lawyers” by Fortune; he’s also an adjunct professor of finance and economics at the School.
Illuminating DNA Sequencing

After earning his MBA, Alex Dickinson ’95 started several software and tech ventures before founding Helixis, a startup whose inexpensive lab instruments enable any biologist to examine short DNA sequences. When Illumina, a world leader in DNA sequencing, acquired Helixis in 2010 for $105 million, Dickinson joined the company and went on to build one of the largest databases of DNA sequence information in the world—in the cloud. “Making this information available to anyone anywhere is essential as DNA sequencing becomes a clinical tool for the diagnosis of cancer and other conditions,” says Dickinson.

An electrical engineer by trade, Dickinson is no stranger to tech breakthroughs. As a researcher for AT&T’s Bell Labs, he invented the world’s first chip-based fingerprint sensor nearly 20 years ago—technology later acquired by Apple and applied to its iPhone 5S. “What has always motivated me is the magical process of starting with nothing and making something.”

Jewelry for a Cause

When celebrities like Hillary Clinton, Tina Fey, and Michelle Obama wear the jewelry that she designed, Joan Hornig ’83 is excited—mostly for charities like Autism Speaks, the Children’s Health Fund, and Doctors Without Borders. Hornig donates 100 percent of the profits from each piece to a charity of the buyer’s choice. To date, she has donated to more than 800 charitable initiatives around the world addressing such issues as education, social services, the arts, and environmental protection. In 2012 the New York Stock Exchange asked Hornig to ring the closing bell to honor the 10th anniversary of her unique philanthropic business model. “[This model] seemed like the next step along the trajectory of social enterprise, leveraging the power of luxury items for the benefits of others,” says Hornig, whose collection is available online and at Bergdorf Goodman.

The HiSeq X Ten Sequencing System, released by Illumina in January, can sequence all three billion letters of the human genome for just $1,000.
**KAJAL LONDON**

If you visit the blog of Kajal London (kajallondonblog.tumblr.com), the luxury eyewear collection founded by Kajal Sanghrajka ’12 during her second year at Columbia, you’ll find portraits of change makers and influencers from sports, fashion, film, and beyond (including fellow Columbia Business School entrepreneur Omar Haroun ’12, below), each modeling the brand’s distinctive frames. “Glasses reflect who you are, so it’s really important to tell a unique story,” says the London-born Sanghrajka. Her expertise in eyewear was decades in the making: she grew up accompanying her father, who also worked in the business, to trade exhibitions around the world. In addition to well-known brands like Christian Dior and Gucci, Kajal London offers limited edition vintage frames and is designing an in-house collection for launch in 2015.  

**Little Luxuries**

Sometimes the smallest, most private extravagances feel the most luxurious. Consider the lingerie line Rococo Dessous, launched by Sascha Hertli ’13, that uses 24-karat gold thread in each hand-stitched, made-to-order piece. “Gold was worn for many centuries in royal and imperial houses,” says Hertli. “Our dream is to revive this tradition for modern princesses.” Or Savelli Genève, a smartphone designed as a piece of jewelry—and available at high-end retailers around the world like Harrods—from founder Alex Savelli ’08. For those who want to give someone a little luxury every month, there’s Enclosed, a knicker-of-the-month club from Antonia Townsend ’99. “I created a gift that not only makes a woman’s eyes light up, but also provides the giver with confidence that they are giving something utterly different,” Townsend says.  

**Medical Devices by MDs**

When Aylin Tashman Kim ’08 worked in the pharmaceutical industry, she met many doctors with breakthrough ideas for medical devices but neither the time nor resources to act on them. MD by MD, the company Kim launched upon graduation in 2008, harnessed this opportunity by working with six doctors to commercialize their ideas. The company attained more than $1 million in grant funding for its clients and filed four US patents before Kim left in 2012 to collaborate with doctors on a second startup, SPIWay, which focuses on solutions for minimally invasive neuroendoscopic surgery. The company’s endonasal access guide, recently cleared by the FDA, allows surgeons to access the brain through the nose and is now used by ENTs and neurosurgeons across the country. “I believe that the leading source of medical technology is in the minds of those who practice medicine every day,” Kim says.  

*Kenny Kline ’14 recently founded Slumber Sage, an online resource for enhancing sleep with product reviews and tips. “No matter the sector, you can quickly find an alum who is willing to share their insights and make further introductions,” Kline wrote on Columbia’s Notes to the Next Class. Read his note: bit.ly/cbs-kline | slumbersage.com*
Filmmakers for Omelet, a marketing agency led by Don Kurz ’79 (below), were shooting a promotional video for the nonprofit A Better LA when they were introduced to ex-gang members cleaning up the streets they once controlled. That meeting sparked the idea for a new kind of project for the firm—License to Operate, a feature-length documentary being produced by Omelet Studio, partner Foundation Content, and director James Lipetzky.

The firm’s unusual foray into filmmaking is an example of Kurz’s willingness to take risks to grow the company in new and innovative ways, which has resulted in 500 percent growth since he took the helm of Omelet in 2011. The entrepreneurial company was a good fit for Kurz, who ran marketing firm EMAK Worldwide for 15 years before becoming a consultant and starting a hedge fund with a partner. He was drawn to Omelet after consulting with the company on strategy. “I saw great potential in their creativity, and we had a shared vision of Omelet as an industry disrupter,” he says.

OMELETLA.COM

NAPPING ON THE JOB

The Huffington Post has one. NASA has two for their pilots. And, of course, Google has them in their offices around the world. Last year was the best-selling year for the EnergyPod, an ergonomic napping chair created by MetroNaps, a company cofounded in 2003 by Christopher Lindholst ’02. Employers are waking up to the benefits of on-the-job napping as recent studies from the National Sleep Foundation and Harvard link sleep deficits to mood problems and health risks like diabetes and heart disease. Well-rested employees aren’t just healthier; they’re more productive.

“A 20-minute nap in the EnergyPod boosts alertness by 30 percent,” says Lindholst, who has been CEO since 2008. To keep the office buzzing, MetroNaps’ EnergyPod facilitates power naps via a privacy visor, built-in music, and a timer with a programmed combination of vibration and lights for gentle waking. So go ahead: sleep on the job. METRONAPS.COM
Predicting Preeclampsia

When two Stanford University School of Medicine professors approached Matthew Cooper ’11 about commercializing a diagnostic test for preeclampsia, Cooper considered it an offer he couldn’t refuse: he almost lost his wife to the condition. Globally responsible for some 76,000 maternal and 500,000 infant deaths each year, preeclampsia is difficult to diagnose because of nonspecific symptoms. Carmenta Bioscience, the company Cooper cofounded with Stanford’s Atul Butte and Bruce Ling in 2012, is developing two blood tests that will be available to doctors in the United States next year: one to identify if a pregnant woman is at high risk for preeclampsia and another taken later in pregnancy to confirm if she has it. (A predictive test is critical because even though the single biggest risk factor is preeclampsia in a previous pregnancy, the complication most often occurs in first pregnancies.) If a woman is at high risk, doctors can prescribe simple, effective treatments like bed rest or taking baby aspirin. Carmenta also plans to develop a test that can be used in remote villages in developing countries. “I’m passionate about making this disease irrelevant,” says Cooper.

CanvasHQ

The hotel business was the impetus behind CanvasHQ, the turn-your-photos-into-canvas-art startup founded by Storm Nolan ’08—and a secret to its success. The company was founded “as an offshoot” of CSK Hotels, the Arkansas-based holding company where Nolan is a partner. “We’re do-it-yourselfers,” says Nolan. “We wanted to put a lot of artwork in our hotel properties, and knew we could save a lot of money doing it ourselves.” The specialty service distinguishes itself from competitors by making canvases of all sizes—up to 96 inches wide. Last year the company saw 200 percent growth in revenue, with orders placed by professional photographers making up one-third of the business. “I attribute our success to high-quality work and good prices—values we definitely learned from the hotel business,” says Nolan.

REAL ESTATE DISRUPTERS

Tech startups are changing the home-hunting game. Urban Compass, cofounded by Robert Reffkin ’03, streamlines the New York City apartment search via an app and website where agents and clients can collaborate throughout the process. “Apartment hunting should be fun, easy, and quick,” Reffkin says. “It shouldn’t take 10 days and 20 phone calls to find your home.” For brokers, there’s ResiModel, founded by Elliot Vermes ’02, which simplifies deals via a cloud-based valuation and underwriting platform. Property owners have new tools at their fingertips, too: SiteCompli, launched by Ross Goldenberg ’07 and Jason Griffith ’06, equips NYC’s largest real estate organizations with compliance monitoring technology to help them stay ahead of potentially costly violations, inspections, and permits.

Tech may be all the rage, but it’s no prerequisite for entrepreneurial real estate success. Park Madison Partners, founded by managing partner Nancy Lashine ’81, matches institutional investors with real estate private equity funds and has raised more than $4.5 billion from 127 institutional investors since 2006. Even power players like Tishman Speyer, founded by Jerry Speyer ’64, aren’t resting on their laurels. With a portfolio of assets topping 129 million square feet—including New York’s Rockefeller Center—the firm is leading the field in developing sustainable properties, with more than 46 million square feet across four continents now LEED-certified.
Travefy

David Chait ’13 was lost in an e-mail chain nearly 100 messages long when trying to plan a friend’s bachelor party in 2012. Finally, in an effort to end the chaos, one of the group members went ahead and booked a hotel on the Jersey shore. “He was right that the date worked for a lot of the guys,” Chait says, “just not the guy getting married! At that point, I realized there had to be something better.” Chait knew of many great one-dimensional solutions—“You can Doodle a calendar invite to find a date, book on Expedia, and even track expenses in a Google Doc”—but no comprehensive tool existed; so he created Travefy, a free group travel planner that allows users to collaborate on trip itineraries, book travel deals, and manage shared expenses via the company’s website or mobile app. “Group travel is complicated,” Chait says, “Travefy solves these headaches and makes planning easy and fun.”

Travefy.com

Social Bicycles

Smart bike, dumb dock. That’s the premise behind SocialBicycles, the bike-sharing startup Ed Rayner ’13 advised when he was a Columbia student and joined as CFO and COO not long after he graduated. Whereas bike-sharing programs like New York’s Citi Bike rely on kiosks and docks that can be cumbersome for riders to use, SoBi puts an electro-mechanical lock, cloud software, and even GPS directly into their bikes—“a comparable system for about a third of the cost,” says Rayner. It’s also more flexible for cyclists. Instead of searching for a dock near their destination, SoBi cyclists can lock their bike to any rack or pole. Whereas typical bike-share companies must constantly “rebalance”, moving bikes from full stations to less crowded ones, SoBi uses an incentives system: if riders lock their bikes within a designated “hub location” (a geographic range viewable via a Google map), they earn a credit, while those who leave their bikes outside a hub incur a small fee. The company rolled out 2,000 bikes in cities including Tampa and Las Vegas over the summer. “We’re just getting started,” says Rayner.

SocialBicycles.com
Untamed Sandwiches
Braised meat is not something you hurry. The best brisket takes its sweet time—and is now available during lunch hour on a toasted ciabatta roll at Untamed Sandwiches, a Midtown sandwich shop from Andy Jacobi ’12 and chef Ricky King that opened in January 2014 to rave reviews from the New York Times, the Wall Street Journal and Timeout New York. King and Jacobi, a former grass-fed beef executive, wanted to bring high-end, sustainably raised food to a fast-service setting. All of Untamed Sandwiches’ meats are free-range, grass-fed (when that is what the animal is supposed to eat), and hormone- and antibiotic-free. Vegetables are local and organic. “There’s so much research suggesting that this type of food is better for you,” Jacobi says. “It’s really cool to send checks to farmers who are as passionate as we are about doing things the right way.”

VerTerra Dinnerware
If you doubt that single-use dinnerware can be green, think again: VerTerra, founded by Michael Dwork ’07, makes chic biodegradable serving pieces with just fallen palm tree leaves and steam—minus any glues or chemicals. The company’s factory in India is near the largest concentration of palm trees in the world, where VerTerra supplies hundreds of local workers with fair-wage jobs. Dwork came up with the idea when he was an intern at Infosys Technologies in India the summer after his first year at Columbia. While driving through a remote village near Bangalore, he spotted a woman pressing leaves into water to create makeshift plates. “I just fell in love with them,” says Dwork, who—in between classes—raced to create a more durable version and negotiated deals with local farmers for fallen leaves that meet organic standards. By the time he graduated, Dwork had the validation he needed—funding from the Eugene Lang Entrepreneurial Fund and the Draper Fisher Jurvetson East Coast Venture Challenge—to go full steam ahead.

WIRED MAGAZINE
For Louis Rossetto ’73, being an entrepreneur means believing in “the inevitability of your vision of the future”—an apt description for the cofounder of Wired magazine, who in the first issue, back in 1993, wrote that “the digital revolution is whipping through our lives like a Bengali typhoon.” Managing a software magazine in Europe, Rossetto witnessed the growing influence of PCs and networks across industries—and was keenly aware that the innovators driving this new digital culture were invisible to the public. “This was the biggest story of our time,” says Rossetto, “but nobody knew who these people were or what they were doing.” On a shoestring budget, Wired was born—and soon after, HotWired, one of the first commercial websites (which launched even before Netscape). Under Rossetto’s five years as editor, Wired magazine won two National Magazine Awards for General Excellence and one National Magazine Award for Design. The stories Rossetto championed—on topics like interactive games and digital military simulations—were not being told anywhere else. “It was as if we had our own intelligence operations and window into the future.” Although Rossetto has since moved on to lead ventures in real estate and chocolate, he still marvels at “those revolutionary times.”
**Moose-X Training**

Former banker Manya Klempner ’03 loved the adrenaline of the trading floor. But long hours at Citi, JPMorgan, and Merrill Lynch meant she rarely made it to the gym. Determined to make fitness more realistic for busy women like herself, Klempner cofounded Moose-X Training in November 2012 with a simple promise: convenience. Customers can select and book a Moose-X personal trainer online who will meet them at their home (or anywhere convenient). Gym membership—a prerequisite for most personal training sessions—is not required. “We’re making personal training accessible—not just something Gwyneth Paltrow can afford,” Klempner says. Why the moose? “Because we’re approachable and fun; we’re not about spandex and the latest fitness trends.” Although Klempner occasionally misses the multimillion-dollar deals from her former life, she loves the speed at which she can grow the company. “No memos, no committees, no getting approval. Here the buck stops with me.”

[THEMOOSE.UK.COM](http://THEMOOSE.UK.COM)

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**Zachary Prell, Inc.**

Years on Wall Street wearing pricey but poorly fitting shirts gave Zachary Prell ’05 a mission: to create a comfortable, stylish, and versatile sport shirt collection. The shirts Prell designed less than a year after graduating from Columbia look good tucked or untucked, with or without a tie. Today, his eponymous men’s sportswear brand includes outerwear, sport coats, knits, sweaters, and swimwear, and is available in more than 200 stores in the United States, including Neiman Marcus, Nordstrom, and Saks Fifth Avenue—and the company recently announced $15 million in equity financing to support further expansion. To honor his earliest inspiration, Prell called the brand’s first shirt the “Irving” after his grandfather, Irving Prell, an entrepreneur who started his own pharmacy in West Los Angeles. The Irving sold out quickly, but Prell continues the tradition of naming shirts after friends of the brand.

[ZACHARYPRELL.COM](http://ZACHARYPRELL.COM)

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**YOOX GROUP**

Aspiring fashionistas can buy runway looks without leaving home thanks to YOOX Group, founded by CEO Federico Marchetti ’99 in 2000. Yoox.com, one of the global e-commerce giant’s many offerings, allows shoppers to choose from a vast selection of hard-to-find designer fashion, rare vintage pieces, art books, and design objects. YOOX also runs the online stores for major houses like Alexander Wang, Armani, and Valentino. The firm launched TheCorner.com, a luxury boutique for high fashion, in 2008, and ShoeScribe.com, dedicated to high-end women’s footwear, in 2012.

[YOOXGROUP.COM](http://YOOXGROUP.COM)
Converging on Startup Success

How is research informing the path to entrepreneurship?
Converging on Startup Success

In conversation, Damon Phillips and Evan Rawley discuss why entrepreneurship resists easy study and how their research is tackling some of the biggest questions in the field.

Quick—what’s your elevator pitch? What’s your research angle in a nutshell?

Damon Phillips: I look at whether professional experience matters and why, especially for new MBAs who are weighing whether to start a company or work first. I study how previous experience—whether working for a small or large company, or a company that is or isn’t tech-centered—helps someone set up their business, develop their strategy, and affect their success.

Evan Rawley: My work is closely related. I study spawning: what happens when a nascent entrepreneur is at a firm and decides to leave to found a related type of firm. I study their behavior inside the firm, what leads them to found a new organization, what they’ve taken from their experience, and how they translate that into an entrepreneurial venture.

So you both fundamentally study how experience informs entrepreneurial success. How do your approaches differ?

DP: I care about the question: should you work for a large company in the first place? I tend to come down on the side of “no.” That comes from some personal experience: I worked as vice president of R&D at a small business, where doing some accounting, marketing, and other functions were by necessity part of the job. Taking on broader roles is typical of startups. In most large firms you take on a specialized role, with some exceptions, which is not as helpful for picking up entrepreneurial skills.

ER: The big difference in my research is that I take someone’s working for a firm, big or small, more or less as a given. The fundamental question I look at is, how should I behave within the firm to improve my chances of being successful as an entrepreneur in the future? Do I put myself in a position where I can pick up a lot of tacit knowledge, like finding my way to an industry hub where there are many other similar firms producing a lot of knowledge I’ll be exposed to?

DP: If we were advising someone about the path to entrepreneurship, Evan might say, “Here’s how you should do your job differently,” and I would say, “Let’s think about where you’re working.”

What have you learned about how much an MBA matters for entrepreneurs?

DP: We don’t have definitive answers for that. But I think we have evidence that having an MBA helps when it’s time to scale a venture, and it gives you discipline—it keeps you from making big mistakes. That’s valuable.

ER: The big difference in my research is that I take someone’s working for a firm, big or small, more or less as a given. The fundamental question I look at is, how should I behave within the firm to improve my chances of being successful as an entrepreneur in the future? Do I put myself in a position where I can pick up a lot of tacit knowledge, like finding my way to an industry hub where there are many other similar firms producing a lot of knowledge I’ll be exposed to?

DP: I care about the question: should you work for a large company in the first place? I tend to come down on the side of “no.” That comes from some personal experience: I worked as vice president of R&D at a small business, where doing some accounting, marketing, and other functions were by necessity part of the job. Taking on broader roles is typical of startups. In most large firms you take on a specialized role, with some exceptions, which is not as helpful for picking up entrepreneurial skills.

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DP: If we were advising someone about the path to entrepreneurship, Evan might say, “Here’s how you should do your job differently,” and I would say, “Let’s think about where you’re working.”

How did you each become interested in pursuing your respective lines of research?

DP: I was annoyed, actually. I was living in Silicon Valley in the 1990s. Week after
week in the grocery checkout line there’d be another magazine cover story about the next great entrepreneur, someone who left their old company because it wasn’t innovative enough and how they were going to change the world by taking a radically different path. I finally stopped complaining and looked into it, which no one had actually done. It turns out the more you deviate from the initial firm the less likely you are to succeed.

ER: Entrepreneurs would often tell me they’d had an idea they didn’t want to share with their employer, because it was lucrative or because the firm’s response would be, “That’s not what we do.” And they ended up buying their old company ten years down the road because their idea was so successful. So I became interested in that duality between firms and markets.

What specific questions are you pursuing in your research right now?

DP: One is how to think about companies where the founders have different past experiences. You can make the case that diversity is helpful, but in the early days of a venture, being on the same page is really important. Does a diverse background come with a diverse set of networks that can be drawn upon? Does it come with conflicting business model experience?

The other question is: What tacit knowledge do people take from their past experience—what is conscious, and what is unconscious? And that’s hard to know. For example, if I worked at a company where women were traditionally in leadership positions, I am more likely to have women in leadership positions in my new company, independent of whether I work with them or even if any women were there at the time—even if it was just historically that women in my old firm did well. If it wasn’t because of direct interaction, is it because I’m taking things like HR practices and culture?

ER: We don’t really have a strong foundational theory of entrepreneurship. So I’m creating a model that reflects a two-sided selection process, where an established firm is selecting the employee and the employee is selecting the firm. Having a model to test against will make it easier to understand what is driving entrepreneurship. In this model, you’d be able to test how employees behave differently on the job if they wanted to put themselves on track for an entrepreneurial path later on. You’d be able to see what happens if the firm makes that part of their HR package, like Google’s done with their engineers, who have Friday to work on their own inventions. The model would let us control enough variables to better get at what conditions create the best results.

What are the kinds of challenges you run up against?

ER: We can’t know people’s psychology and motivation, what assumptions and inferences we’re making. Another is endogeneity—the problem of sorting cause from effect, of identifying when a correlation is more than just a correlation. That’s one reason models can help.

DP: An example of that is that in the late 1990s someone wrote a book on how Baxter, the pharmaceutical firm, was this great place where biotech entrepreneurs who created a lot of new companies came from. But a colleague from Baxter told me, “We just hired Well. We spent a lot of money on hiring.” Did they just hire these fantastically innovative people who can see pretty far ahead, which you have to do in biotech, or was it the internal culture by itself?

ER: There is a lot of correlation.

DP: And not a lot of causation.

ER: It’s frustrating.

DP: And humbling.

ER: But, we now have microdata. More and more, we can see what people are doing on the job, and we can study more carefully what it is that entrepreneurial types do that make them different from other people. A lot of what makes an entrepreneur good is their tacit knowledge. It flew off the radar for a long time because it’s a tricky thing to study—how do you study something that can’t be codified? With more data, it’s becoming easier.

DP: Another exciting thing is that no single field owns the study of entrepreneurship. You need to take a lot of perspectives into account. We do talk a lot with other colleagues, bouncing ideas and questions off people. It’s meaningful when people who have different perspectives, even subtle ones, begin to come to similar conclusions, which is what we see happening here. It suggests we’re on the right track.

“A lot of what makes an entrepreneur good is their tacit knowledge. It flew off the radar for a long time because it’s a tricky thing to study—how do you study something that can’t be codified? With more data, it’s becoming easier.” —Evan Rawley
Savvy Risks, Sustainable Rewards

BY BRUCE USHER

Impact investing—investing for both a social and financial return—is a popular concept these days. I do it primarily through investments in renewable energy companies, for two reasons. First, I passionately believe that renewable energy offers one of several critical solutions to the real threats posed by climate change. Second, I believe I can make a financial return.

As costs decrease and performance improves, renewable energy is increasingly competitive with fossil fuels, whose costs tend to go up over time. In very sunny or windy places, renewable energy is cheap enough to be cost competitive without any special incentives like rate subsidies. Renewables would become even more competitive if we can ever get policy agreement on climate change and were able to factor in the costs of fossil fuels to our environment. With increasing cost competitiveness, renewables have become a viable investment option.

While I believe you can make a market return, a big question frequently comes up: if that’s true, why isn’t everybody already doing it? Because it’s not for everyone. Impact investing requires you to play a long game: it’s easy to get in and very difficult to get out, as there are very few opportunities for liquidity. One advantage that I and other so-called angel investors have is that as individuals we have longer time frames and no firm deadlines, whereas professional investment funds almost always have to create liquidity for their clients within a decade. I do not invest where I expect returns to be low. But the return on impact investing is not usually quick, and to a large degree focusing on the financial returns misses the point.

In the kind of relatively early stage investing I do, the issue is more about risk than returns, and measuring risk is always trickier than measuring returns. Impact investors must ask themselves what kind of risks they are willing to take, and why. Specifically, know if you will you take technology risk or commercialization risk, or both. I take more risks than I would otherwise be willing to take to support new ventures that I think offer market-savvy alternatives to carbon-dependence. I don’t invest in unproven renewable or other technologies—although there is significant opportunity there—simply because I don’t have enough technology expertise to make a confident assessment of feasibility or market potential. That’s a significant differentiation, because so much early stage investment is in technology companies, and many tech firms have done exceptionally well for investors.

But I will take business commercialization risk. I tend to invest in business models that use innovative approaches to serve existing markets, transfer existing practices and models to as-yet-unserved locations, or that open up entirely new markets. For example, Community Energy develops large solar projects, but their business model is also based on marketing the projects’ environmental benefits. New Yorkers who frequent the city’s greenmarkets have probably seen representatives from Community Energy promoting an option for residential consumers to buy its wind power through ConEd. Other renewable energy developers might market to utility companies, but they don’t reach out directly to the end user.

If you step out of your comfort zone with risk, know why. Natel Energy created a small hydroelectric turbine that is much more environmentally friendly than traditional hydro turbines. Natel also targets an entirely new market: There are tens of thousands of agricultural conduits in the United States, and water drops from one conduit to another, from one field to the next. I was comfortable taking the risk because the technology was new but not radically so and Natel was entering a promising new market.

The other reason I was willing to take a greater degree of risk with Natel is at the heart of how I choose companies. I know the CEO, and know she is an extremely capable individual. Basing early stage investing on the right management team is not unique—ask any venture capitalist. Investing in great people is a prerequisite to success, as strong teams facing challenges to their business model will make necessary changes and pivot in the right direction.

Most of these principles apply to all startups. But for impact investors backing sustainability startups and in particular in the energy sector, risk matters more. By taking on risk that most others aren’t willing to take, impact investors help launch critical businesses that are creating solutions to the threat of climate change and many other of society’s toughest problems—solutions that otherwise might not come about. That’s a return on investment as valuable as any.

Bruce Usher is the Elizabeth B. Strickler ’86 and Mark T. Gallogly ’86 Faculty Director of the Social Enterprise Program and an Executive-in-Residence at Columbia Business School.

Impact investors must ask themselves what kind of risks they are willing to take, and why.
Drew Patterson ’06 has spent his fast-paced entrepreneurial career on the move. The 37-year-old travel industry veteran was part of the founding team of Kayak, a metasearch leader for flights and hotels in the United States that was bought by Priceline in 2013 for $1.8 billion. He cofounded the luxury travel flash sales site Jetsetter before founding Checkmate, an app that allows travelers to check into hotels on their smartphones. Last year Patterson became CEO of Room 77, a hotel search site launched in 2011. The startup, which he joined following its acquisition of Checkmate, has already raised more than $40 million from industry giants like Expedia and Concur that support early stage innovators in the field. Patterson recently talked with Columbia Business about what it takes to launch, grow, and lead successful startups—and why Wyoming is his favorite vacation spot in the world.
COLUMBIA BUSINESS ASKS:
You’ve worked at tech travel startups since they came on the scene. What attracted you to this niche area?
After college I followed a friend to Starwood Hotels and Resorts amidst the 1999–2000 Internet bubble. At the time, there was lots of interest in how technology was going to change travel and hotels, including selling hotel rooms online. While there, I got to know Steve Hafner, who cofounded Orbitz. He reached out with a plan for a travel search engine and asked me to be part of the team. I thought he was a smart guy with a good idea. That’s what led me to Kayak, which was an amazing journey. It was an incredibly dynamic, talented group of people. In our own limited domain, we changed the world and brought something new to the market.

After five years at Kayak, I got to know the investors behind Gilt Groupe. We started talking about flash sales and Gilt’s impact on fashion. This was in the midst of the recession, so hotels needed help generating demand. Also, it seemed clear that travel sites needed some personality. Travel e-mails were functional but bland lists of deals and prices. I believe travel can be an emotional category—and a travel service should reflect that. That was the genesis of Jetsetter.

How is your newest company, Room 77, different from other hotel metasearch sites?
Room 77’s hotel search engine stands out by being more comprehensive and more relevant than other search sites. We include more sources of data; for example, we’re the only site to include prices directly from tens of thousands of hotels. As a result, we find lower prices. Also, we start with the perspective that the hotel search problem has not been solved. Selecting a hotel is a subjective and personal decision. It’s challenging to identify what the right place is for any given trip. Search engines need to have more intelligence to answer this question.

At Room 77, we anticipate what the traveler seeks and ask questions that let us make the right recommendation. If you search for New York City hotels on Room 77, for example, we’ll ask whether you want to stay near Lincoln Center or other geographic points of interest, or if there are certain types of hotels you’re looking for.

Then we have the Checkmate product, which allows travelers to check into a hotel through their phone in advance of their arrival. So, like with an airline, you can complete the check-in process and start a dialogue with the hotel before you arrive. Our users know what time their rooms will be ready before they leave home, and, when they arrive, there is a separate line that enables them to skip the wait at the front desk. Hotels also get better information about their guests’ needs and are able to merchandise room upgrades and other services.

It feels like the time is right for this kind of experience at a hotel. Already, thousands of hotel guests every day are using our service, and we are getting great reviews from both travelers and hotels.

What’s your advice for entrepreneurs launching companies and for those who are joining startups?
Go out and do it. You can spend a lot of time debating strategy and how you might go to market. Momentum solves a lot of problems, so find ways to generate and sustain progress. Your initial product will not be everything you want to bring to market; it may not even be your long-term business model. But if you can generate a positive trajectory, you can start to get buy-in and support, and that makes other opportunities possible. To get a venture off the ground, you really just have to start.

What did you learn at Kayak and Jetsetter that helped prepare you for your current role?
Ultimately the consumer is right. The consumer always wins. If you can come up with ways to create real passion, real delight on the part of the consumer, things will work out. Paul English, the other cofounder of Kayak, is a really thoughtful, visionary guy. He would always say that it’s not enough that consumers come away from the Kayak experience saying, “oh, that was great.” It’s got to be like, “oh, that was so fucking awesome. I’m going to go out and tell 10 of my friends right now.” That’s the level that you have to be playing for.

If you can make that happen, good things will come. When your product experience makes a consumer’s life better in a real way, then your marketing takes care of itself. Strategic relationships, partnerships, all those things will start to take care of themselves if you solve a consumer problem in a very profound way. But that’s a very difficult task.

What’s most important to keep in mind when pitching an idea to an investor?
The most important requirement is that you and your investors are aligned: that your goals and their goals are in sync. Inevitably, at some point, the business will face challenges; that’s the nature of starting a venture. What’s important is not the exciting moment when you cash a funding check but rather when you just lost an account—and now what? An entrepreneur needs to feel like his investor is a partner. Investor/entrepreneur alignment means having a common understanding of the timeline and risks associated with the project. For example, if an investor is late in their fund cycle, there may be pressure to reap profits and

“To be a change agent is quite satisfying.”
sell so the fund can improve its return. You don’t want a situation like that to force an outcome in the business.

**What’s the downside to being an entrepreneur?**

It’s clearly stressful. Things may work out; they may not. It’s a roller coaster. The highs are higher, but the lows are lower. Managing your own emotional balance, especially when you are emotionally connected to the business, is a challenge.

But one of the payoffs is that when you work from a small base, small changes feel really significant. At first no one knows who you are. Then it feels really good when one person knows about you. The sixth person feels even better. You have the sense of watching an idea come to life.

Bringing something new to market is always threatening and disruptive to the status quo. It always gets resisted at the onset. What’s exciting is to go through that phase of reticence, then acknowledgment and acquiescence, then being embraced—where the market goes from, “this is a stupid idea, it’ll never work,” to at least, “well, we’ll look into it,” to “oh, yes, that seemed like the right idea all along. We were behind it from the beginning.” To be a change agent is quite satisfying.

**How did your background at Columbia prepare you to launch and grow companies?**

Columbia helped formalize skills, frameworks, and thought processes that I didn’t appreciate or have before. I took a number of classes around entrepreneurship and finance in the MBA program. I was working at Kayak when I was at Columbia. It was valuable to do a bunch of stuff during the day that was very practical, very hands-on in a real business, and then have the time to be in a more academic setting and step back to think about the structure and framework to put it all together. I felt like it was a great connection between what went on in the classroom and what would happen in the marketplace.

**What’s a favorite place you’ve traveled?**

I had a great trip with some friends to the 2006 World Cup in Germany. I also took a trip once to Brazil and Argentina. But my favorite place is Jackson Hole, WY. That’s where my wife and I got married. It’s spectacular. The views and mountains are incredible. The people are great—completely unpretentious; everyone’s really friendly.

**Do you have any tips for travelers?**

I think the best travel experiences are where you’re able to connect with locals in some way and have a real sense of flavor. If you have some connection to the people in the place you’re going, it always makes a difference. My wife and I typically travel with friends and try to take friends’ recommendations and advice. After college, I went backpacking through Europe for three months and visited friends who were working in a number of different cities there. Just spending a couple days with someone who actually lives there makes it such a different experience.

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When he was just 26, **Andy Russell ’99** cofounded New York City’s Moomba, the celebrity-studded nightclub whose regulars included Leonardo DiCaprio and Madonna. Now he’s bringing the city’s most exclusive venues to the people with Host Committee, a startup that organizes events for every crowd—from nonprofit fundraisers to last-minute birthday parties. [hostcommittee.com](http://hostcommittee.com)
The number of Columbia Business School MBAs who want to use their degrees to address economic, social, and environmental challenges is on the rise. About 10 years ago, there were only five or six courses on social enterprise; today, there are more than 20 such electives, and they draw higher-than-average enrollments. More than a third of the student body now participates in extracurricular activities geared toward aspiring social entrepreneurs—up from 10 percent just a decade ago.

“It could be that the dot-com bust followed by the financial crisis has caused a rethinking of priorities and values,” says Ray Fisman, codirector of the School’s Social Enterprise Program (SEP). Other experts offer that global connectivity has made the world’s problems more visible. Whatever the reasons, many Columbia graduates are launching ventures—using nonprofit, for-profit, or hybrid business models—that address challenging social problems. “As humanity we are interconnected, and we stand up for the right thing. Businesses need to do that, too,” says Hardika Shah ’09, who tells her story here.

Power to the People
You could say the lightbulb went on over Shayne McQuade’s head during a motorcycle trip through South America and Indonesia in 2003–04. On his adventure, he saw Indonesian coastlines decimated by dynamite fishing and forests where “chainsaws [were] chopping down amazing trees,” he says. “I realized I felt passionate about environmental issues. The challenge was, what was I going to do about it? I had to find a way in.” McQuade ’94 remembers carrying around a portable solar cell phone charger, an unwieldy “big plastic thing” he rarely bothered to use. “I thought, somebody should design a bag with solar panels integrated, but I didn’t think it should be me.”

McQuade realized it was when he found himself sketching a prototype for such a bag and launching Voltaic Systems (voltaicsystems.com) in 2005. “Solar power was interesting because of the environmental imperative that we switch to sustainable power sources,” says McQuade. With electricity production accounting for a third of global climate change emissions in the United States alone, shifting to renewable energy sources may be the only way to preserve the planet.

A backpack with solar panels sewn into the front pocket became the company’s signature product. Voltaic Systems now sells an array of bags—all with solar panels that can charge a smartphone, tablet, or laptop—as well as stand-alone solar panels, batteries, and lights. The bags, which are sold online and in some stores, are especially popular with outdoor enthusiasts as well as with Peace Corps volunteers and healthcare providers working in remote areas.

Now McQuade is turning his attention to bringing solar power to developing countries, where people rely heavily on cell phones but...
Shayne McQuade ‘94 at Voltaic Systems’ headquarters in Brooklyn.
often must travel far and pay fees to charge them. “There are already millions of cell phones in the hands of individuals with no electricity in their homes,” says McQuade. According to the World Bank, more than 1.2 billion people have no access to electricity. “Small-scale solar charging offers one of the few economically viable alternatives to power phones, tablets, and lights.”

Increasingly, he says, smartphones and tablets will “open the world up” through access to the Internet—to education, banking, and other vital information. “It will create tremendous opportunity,” says McQuade. “Electricity is a fundamental component of the technological revolution now under way in the developing world.”

Supplying solar equipment in developing countries where people currently rely heavily on kerosene for light also hearkens back to McQuade’s original environmental goal. “Ten kerosene lighters produce a ton of CO2—collectively across more than one billion people, that’s a huge impact,” he says.

About half of the company’s sales come from its bags, with other profits from modular solar equipment—panels, batteries, and lights. Voltaic Systems sells a light that, together with the solar panel and battery, costs under $100. That’s affordable by Western standards but prohibitive in the developing world, so McQuade is working on a prototype for a light that can be sold at an even lower price point, with the battery integrated into the light fixture.

Voltaic Systems also tries to be a good corporate citizen. For example, McQuade and his crew distributed solar lights in New York after Hurricane Sandy in 2012. The company also often does “buy one, give one” programs. Last year, Voltaic Systems gave away lights in Malawi and Peru. In the company’s headquarters, a single, space-efficient room in the hip DUMBO neighborhood of Brooklyn, the walls are decorated with poster-sized photographs of the residents of a remote Incan village installing a Voltaic solar-powered light in a hut, and a boy’s smiling face illuminated by a light bulb.

“As technology and power come together over the next decade, we want to contribute whatever we can to be a part of it,” McQuade says.

Selling Unused Stuff Online—
for Charities
As New Yorkers and parents of three, Doug Krugman ’93 and Lynn Zises ’96 face a familiar quandary: too much stuff. The average US household has $7,000 of unused clothes, electronics, toys, furniture, and other goods, according to NPD Research. “We have so many unused things sitting around,” says Zises. “A dress with the tag still on it, a beautiful vase, a drawer full of old cell phones and cameras. We started thinking: how can we do something good with all this extra stuff?”

“We want to tap into people’s motivation to do good by providing the opportunity to shift from being an online shopper to an online giver.”

—DOUG KRUGMAN ’93

The answer came in the form of WebThriftStore (webthriftstore.com), the site Krugman and Zises launched in 2012 that offers an easy way for people to get rid of unused things—and raise money for causes they care about. While traditional thrift stores support just one organization, WebThriftStore allows donors to channel the proceeds of each sale to a charity of their choice. “The majority of charities don’t want your stuff—they want cash,” Zises says. “We’re enabling people to consider a whole new source of revenue for charity.”

The process is simple, especially with WebThriftStore’s app, ThriftSnap, which lets donors select a charity and post photos of unused items with their phones. When an item is purchased on WebThriftStore, the donor uses a prepaid USPS mailing label provided by WebThriftStore.
to deliver the item (or gives the buyer the option to pick it up in person), the charity gets the money, and the donor receives a donation acknowledgment letter for tax purposes. (Charities pay WebThriftStore a fee to handle sales logistics, including shipping and insurance costs.)

Using social media, marketing materials, and donation drives, WebThriftStore helps participating charities spread the word that there is a way to give back without giving cash; as Zises says, “Not everyone has cash, but everyone has stuff.” Supporters are jumping at the opportunity: sales and donations grew more than 200 percent in 2013. Over the past year, WebThriftStore’s nonprofit partners have grown from eight to more than 30 and include the ASPCA, the Children’s Brain Tumor Foundation, and the American Red Cross. “One of the great things about our model is that charities don’t feel threatened by it,” says Zises. “WebThriftStore supplements their regular fundraising.”

The site recently sold a car for New York Cares and raised more than $15,000 for the nonprofit. WebThriftStore’s model has proven particularly effective for smaller charities: Colonel Potter Cairn Rescue, for example, a rescue organization for cairn terriers, received more than $36,000 from the sale of more than 1,200 items. “We’ve found that some of the smallest organizations generate outsized performance, and the money they’ve raised through WebThriftStore has a meaningful impact on their bottom line,” Krugman says.

The entrepreneurial couple met before business school and previously worked side by side on another startup. Zises also spent time on Capitol Hill and Wall Street, while Krugman, upon graduating with his MBA, jumped straight into tech entrepreneurship, starting a company that made multimedia products. They share an ambitious vision for their latest venture. “We want to make donating goods online a significant way for nonprofits to raise money—and for people to make a big impact for causes they care about,” Zises says.

Krugman sees great potential in using the same technology and infrastructure that make it so easy to shop online to redistribute billions of dollars worth of unused items. “The emotional payback from doing something good—for a nonprofit, for others, and for the environment—blows away the experience of trying to sell on eBay, Amazon, or Craigslist,” he says. “We want to tap into people’s motivation to do good by providing the opportunity to shift from being an online shopper to an online giver.”

“We’re a small organization with a big dream, which is that every pregnant woman has a safe birth.”
—CASEY SANTIAGO ’06

women in developing countries. The site features photos and profiles of the women, and donors can choose a recipient and send as little as $10 toward her care. Donors are also given the option to make an additional contribution to support Kangu, which almost 80 percent of givers do, says Santiago.

A Safe Birth for Every Mom-to-Be
When you visit Kangu.org, the nonprofit started by Casey Santiago ’06, you may click on a profile of Rupa, in Nepal, who says her “biggest wish for her child is that he or she grow up to be well educated.” Or you might read about Albina, a primary school teacher in Uganda, who lives an hour and a half away from a hospital. The cost for Rupa to have a safe pregnancy and birth is $349; for Albina it’s $276.

They are two of the hundreds of “mamas,” as Kangu calls them, who benefit from this organization, which lets donors contribute toward the cost of healthcare for pregnant
Santiago, who concurrently earned a degree from Columbia’s School of International and Public Affairs, says the seeds for Kangu were planted early in her career. After graduating from Wellesley College, Santiago worked for the consulting firm Deloitte and was sent to Africa to work on healthcare projects. “When I was there, I saw hospitals and nonprofits doing incredible work,” she says, “but they sorely lacked access to capital.”

After finishing business school, she moved to California to work for the San Francisco–based nonprofit Kiva, one of the first and most visible peer-to-peer micro-lending sites. “I saw the potential of technology to create community and raise funds for people overseas,” she says.

The idea for Kangu came together after Santiago had her first baby in 2009 (with Jason Santiago ’06). “Once I was pregnant myself,” says Santiago, “I couldn’t shake the fact that if I had been born somewhere else, I might have had as little as a 1 in 39 chance of surviving my pregnancy.” What particularly haunted her, she adds, was how easily such tragedy can be averted. “Ninety percent of [maternal mortality] can be prevented if you have a clean place to deliver and a trained professional.” After her second child was born, in 2011, Santiago realized it was time to be a “mom-preneur.” With help from former Columbia Business School classmate Tricia Morente ’06 and Maya van Horn ’06, she launched Kangu in early 2013.

The funds Kangu raises go to well-vetted healthcare partners, such as a clinic run by midwives, who ensure women receive the services. Kangu takes a cut of each donation to cover operating costs and also receives donations and grants from individuals, companies, and foundations. To date, the site has funded more than 350 safe births. While Kangu covers prenatal care, delivery, and postpartum care for mothers, plus neonatal care—including six months of immunizations—for babies, Santiago hopes one day to provide healthcare for the latter well into childhood.

Santiago credits her business school experience with introducing her to a vibrant group of people who, like her, were passionate about addressing challenges in developing countries through innovative approaches. “The focus of the MBA classes was really on building something that is resilient and grows and has impact,” she says. Santiago served as president of the International Development Club and credits Sandra Navalli, senior director of the Social Enterprise Program, with guiding her and her cohort on “how to take what you’re learning in business school and apply it to nontraditional sectors.”

Santiago chose the name Kangu in part to evoke the image of “a kangaroo with a baby in its pouch, when it’s safe and healthy.” Kangu is currently working in Nepal and Uganda, but Santiago’s vision involves expanding into dozens more countries. “We’re a small organization with a big dream, which is that every pregnant woman has a safe birth,” she says.

An Entrepreneurial Path for India’s Have-Not

In 2003, Hardika Shah ’09 was working for the consulting firm Accenture when she was sent to Hyderabad, India. It was her first time returning to her native country in more than 10 years, and she was shocked by how much had changed. “What I saw was this huge divide, where the challenges for those without education, skills, and jobs were increasing,” she says. “While the ‘India, Inc.’ growth story was getting worldwide attention, the gap was widening between the haves and have-nots.”

Now Shah is seeking to bridge that gap with Kinara Capital, the lending firm she launched in Bangalore in 2011. It lends money to small businesses with revenues less than $200,000, catering to entrepreneurs whose endeavors are too large to receive microfinance loans but too small and risky to receive funding from traditional banks—what is often referred to as the “missing middle.” To Shah, the impact of lending money to these businesses is clear: it translates directly into jobs.

“Most of the jobs we create are at the base of the pyramid—unskilled jobs for first-time job seekers—and that’s critical for a country with 500 million people who live below the poverty line,” she says. Even the entrepreneurs who are providing the jobs are often struggling themselves. “Most of our entrepreneurs have not even completed high school,” says Shah.

The idea for Kinara Capital came to Shah on a trip she took to India to “decompress” after earning her MBA. Through her course work at Columbia Business School and as a mentor in Santa Clara University’s Global Social Benefit Incubator when she was living in California, Shah had heard again and again from Indian entrepreneurs that limited access to capital was the biggest roadblock to success. She couldn’t understand it. “Microfinance was the buzz word in India,” she recalls. “I’m thinking, ‘Microfinance is growing. Why are these entrepreneurs struggling for capital?’” She spent three months talking to bankers and entrepreneurs about the issue. “I learned that microfinance does not scale to the next level,” she says. “The average microfinance loan in India is less than $200. But small businesses need 10 to 20 times more than that.”

—HARDIKA SHAH ’09
So Shah raised more than $100,000 in seed funding from her Columbia Business School classmates and moved to Bangalore to start Kinara Capital. In Hindi, kinara means “shore,” as in the stretch of land along the ocean; Shah chose the name because she thinks of her firm as “shoring up” small businesses.

The firm lends $2,000 to $20,000 to businesses operated by first-generation entrepreneurs who don’t have collateral in the form of land or property. To mitigate risk, Kinara runs psychological profiles of potential customers to evaluate their willingness and ability to pay and does most of its lending as supply-chain financing. This could involve collecting payments directly from a business’s clients or making buy-back arrangements for equipment manufacturers. For instance, instead of lending directly to an individual franchise owner of a business that installs solar panels on homeowners’ roofs, Kinara will transfer the loan to the franchisor in the form of credit for equipment.

Kinara’s borrowers range from small manufacturers and farmers to artisan groups. Since its launch, the firm has funded more than 400 businesses that together have created more than a thousand new jobs, of which almost one-third went to first-time job seekers—and nearly 20 percent to women. Every job, adds Shah, potentially impacts several more lives. “In India, the average person supports four or five people,” she says.

Shah also points out that 40 percent of India’s GDP depends on small businesses, making them a critical link in the economy.

“If you think about those left behind by the education system—how do they get ahead? How do they get a piece of this economic gold story that is ‘India, Inc.’? We have to create a financially inclusive environment where their businesses can grow—their trajectory has got to be entrepreneurial.”

Are you leading a social venture? We’d love to hear from you. E-mail columbiabusiness@gsb.columbia.edu.

Slowcolor, a startup cofounded by Sanjay Rajan ’11 that offers sustainably produced handcrafted linen products, was named to B Lab’s 2014 B Corp Best for the World list, which honors companies for their social and environmental impact. Read a Columbia Business story about Rajan: bit.ly/cbs-rajan | slowcolor.com
Cory Nieves, 9, founder of Mr. Cory’s Cookies, was the youngest entrepreneur to pitch his idea to Columbia professor David Lerner at NY Tech Day, where dozens of Columbia Business School students and alumni shared their startups in “Columbia Alley” and School experts offered advice as part of a pitch competition (p. 38).