

Institute gives tech start-ups a leg up when they need it

The Founder Institute produces remarkable results in four months, write **Joanna Mather** and **Hannah Seligson**.

Can you build a technology entrepreneur from scratch in four months flat?

Yes, contends a global training program called the Founder Institute, which was started in the United States in 2009 and has just graduated its first Australian cohort.

For tuition of less than \$1000, students attend classes with one goal in mind: to create a fully operational company. It's no university and students don't acquire a formal qualification, but the institute has helped start 500 companies worldwide.

Applicants don't need to have a fully baked idea, but they must undergo psychometric testing so the institute can predict whether or not they have what it takes to be a successful entrepreneur.

Students can keep their day jobs while attending class, but that does not mean the program is easy. The workload is gruelling and most candidates fail to graduate.

The for-profit institute, headquartered in Mountain View, California, is the brainchild of US-based entrepreneur Adeo Ressi, 40, who has started eight companies of his own.

Back in the mid-1990s, he was a co-founder of Total New York, an online regional city guide that was acquired by AOL.

Ressi saw a need for nurturing entrepreneurs even before the idea stage. He set out to create a vocational school of sorts to teach the nuts and bolts of entrepreneurship, setting it apart from highly selective programs that often support start-ups before the venture capital stage.

One of the best known of these "accelerators", TechStars, accepts only 1 per cent of applicants.

He wants to reduce the failure rate for new companies. For every Dropbox, the popular file storage service, there were hundreds of businesses that never made it, he said, adding: "Why is that the case? And can it be fixed?"

The Founder Institute has gone

global with chapters in 14 countries, in a total of 27 cities.

The Sydney chapter was established by local entrepreneurs Benjamin Chong and Benjamin Ranck.

More than 100 people applied for the 15-week program, with lessons hosted by public cloud provider Ninefold, the University of Technology Sydney and technology incubator Blue Chilli. Of the 34 students accepted to the program, just nine graduated.

Graduates showcased their start-ups at an event in Sydney attended by active angel, venture capital and private equity investors in early August.

Among them is mother of three Lisa Cumes, whose SmartSource start-up connects professional women with employers seeking temporary assistance. SmartSource has 10 customers with a community of 50 freelancers waiting to be connected.

"It was crazy, intense, horrifying and exciting all at the same time," she says of the training course. "My big challenge was trying to balance a family. We had a class once a week that was about four hours and there was 20 hours of homework that would come along with that."

In 15 sessions, students learn about topics like revenue, costs and profits, marketing and sales, presentation and publicity, and fund-raising.

There are adjustments in the curriculum to address local markets. In Singapore, for example, there is an additional session on doing business in China.

Sessions are taught by chapter leaders and entrepreneurs who can also serve as mentors. In Sydney, 40 mentors attended over 15 weeks.

Fundamental to the institute is the belief that many aspects of entrepreneurship can be taught.

But not everyone wants to learn, says Chong, a graduate of the University of NSW and partner with Right Click Capital. Established in 2003, Right Click Capital is a private group that invests in online opportunities.

"Some of them felt that the start-up entrepreneur road was not for them," Chong says. "Every week mentors assessed the quality of their business pitching and if they scored low marks for more than two weeks in a row we suggested they leave."



Student Lisa Cumes with Benjamin Chong... 'It was crazy, intense, horrifying and exciting.'

Photo: MICHELE MOSSOP

PLOTTING A ROAD MAP THE FIRST STEP TO A START-UP WHICH FILLS TRAINING PLACES

Founder Institute graduate Yoni Meinrath describes his start-up business as the wotif.com of training.

Just as the last-minute holiday website offers discounted hotel rooms and flights, Training Deals sells vacancies in training courses.

The idea came to Meinrath, 34, when he attended a five-day \$5000 course in business management strategy and noticed that of the 12 seats available, five went unfilled.

With a background in corporate IT sales and procurement, he decided he needed help to get the business off the ground and applied for the inaugural intake of the Sydney chapter of the Founder Institute.

The teaching is done by those at the coalface rather than academics, challenging the role of universities as the sole gatekeepers of knowledge and expertise.

"They don't come out with a degree but we see ourselves as being complementary to what's happening in universities," Chong says.

The institute aims to make money through a 3.5 per cent equity stake in the companies its graduates create. And if graduates end up raising more than \$100,000, they are required to pay back \$3500 in tuition fees.

"I've always had an entrepreneurial bent and I've had a number of other small start-ups in the past," Meinrath says. "But this is my first major foray into the entrepreneurial world."

Founder students pay \$1000 in course fees but are required to pay back \$3500 if they raise \$100,000 or more. The institute also takes a small stake in each of its graduates' companies, with any eventual proceeds distributed among the local chapter, in this case Sydney, and the parent organisation in the United States.

"The \$1000 has paid itself back 10 times over," Meinrath says. "You can go out and spend \$20,000 developing your own website and do it wrong."

Meinrath says spending on information

technology and professional development training estimated to be more than \$3 billion a year in Australia. For training vendors, every unfilled seat comes at a cost.

"Research suggests that at least 15 per cent of all seats go unsold. This equates to a potential inventory supply of \$350 million per annum in Sydney, Melbourne and Brisbane alone."

As he investigated the idea of selling discounted training, Meinrath realised he would be very unpopular with the vendors he wanted to partner with if he simply undercut their prices.

So Training Deals only offers vacancies at the last minute and they are usually non-flexible and non-refundable.

The branch's first class of nine students will graduate in September.

Jose Luis Senent, 43, had been a car broker in Paris for 20 years, but had no previous experience with technology or start-ups.

He graduated from the Paris chapter in April 2011 and now runs Autoreduc, a group-buying site for cars that he says is profitable and will expand into Spain, Belgium and Switzerland this year.

"I cannot imagine starting a company without knowing what I learned at the institute — there is so

"I'm about selling seats that wouldn't otherwise sell to people," he says.

"These are people who wouldn't otherwise train because they're perhaps a bit more price sensitive."

Meinrath says the Founder Institute involves considerable homework.

"The homework is about building the blocks of your business, so at the end what you've got is a road map," he says.

Meinrath, who has a formal qualification in a bachelor of business, says the applied nature of the institute's program appealed.

"If you are ready to put tread on the ground and ready for a practical and intensive approach to develop your business quickly, this is the way to do it."

much to know about marketing," Senent says. The institute connected him with mentors who challenged his ideas and set his company in the right direction, he says.

"When I came from Turkey to the US in 2008 to start my company, I didn't know anyone," says Eren Bali, 28, co-founder of Udemy, an online learning company that has raised \$US4 million from investors.

"I was starting from scratch," says Bali, who graduated from the Silicon Valley chapter in 2009.

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One of the nation's biggest professional bodies has criticised the relevance of much accounting research while announcing donations of over \$100,000 to 11 "practical" studies to benefit the profession.

James Guthrie, head of academic relations at the Institute of Chartered Accountants Australia, said much accounting research done by university academics in Australia "lacks relevance".

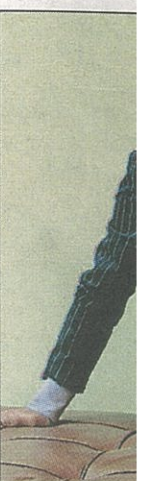
"Accounting research is often orientated towards other academics and their work — a closed shop that is worlds apart from public policy or practice," Professor Guthrie said.

He also criticised the Australian Research Council for neglecting accounting in favour of other disciplines, with only a tiny fraction of the \$58.4 million allocated nationwide going to accounting in round two of this year.

The institute hand-picked 11 research projects for its 2012-13 academic research program, from a record number of 60 applications from Australian universities.

Professor Guthrie said money was deliberately allocated to practical projects with "measurable objectives, tangible outcomes and realistic deliverables" that would benefit institute members and the wider accounting profession.

The University of NSW will get the lion's share of the money for three



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