

## A NEWSLETTER FOR ENTREPRENEURS, BY ENTREPRENEURS

### To Incubate or Not to Incubate - That is the Question - by Jonathan Grover

Walking past security guards as I entered Palais Brongniart, the former site of the Paris Stock Exchange, the last thing I expected to find here was a group of aspiring entrepreneurs. But that was exactly why I had come here – to visit Le Camping.

Le Camping is an unusual environment to say the least. Here small teams of ambitious entrepreneurs sit side-by-side in a large brightly lit open space that fosters creativity, cross-pollination and a spirit of adventure and excitement that underpins each of their ventures.

On this Saturday I was fortunate enough to have the opportunity to visit Le Camping, sit on their bean bag chairs, hit some ping pong balls, partake in their coffee... and of course get the inside scoop from a number of different entrepreneurs.

Le Camping is a startup incubator – or perhaps I could more appro-

priately paraphrase it as a startup accelerator. Le Camping looks for technology / web 2.0 startups from teams of 3 founders (technical abilities is a must for the majority of the team), in seed or early stage. According to one of the Le Camping Board of Advisors, HEC's own John Lewis, the goal is to help companies progress to viable business entities and build an infrastructure of startups in Paris.

Companies that are admitted to Le Camping receive a small stipend (read as NO STRING ATTACHED!), office space for 6 months, training in various areas such as customer development, business modeling, and financing, amongst other subjects.

As I sat with some of the members of the companies in Le Camping's first intake, it became clear to me that they had received more than just office space, support and press coverage. Each had grown their entrepreneurial network, found mentors, been able to bounce their ideas of everyone from hardcore technologists to serial entrepreneurial veterans,

and much more. When I finally managed to leave that evening – in dire need of food – I walked away with a sense of awe at just how fantastic a place this was.

Speaking to one experienced entrepreneur, Philippe Langlois, whose latest venture P1 Security offers an innovative product to prevent and monitor specific kinds of infrastructure vulnerabilities, I was compelled to ask why? Why did someone like Philippe, a coveted speaker in his field of expertise, who had built out a capable international team for this venture, choose Le Camping? With a gesture of his hand waving around the room as if saying 'look at this place', he smiled in responding, emphasizing that this was an ideal setting to work on a startup.

Other entrepreneurs, such as the team for Beansight – which I would paraphrase in describing as a site that utilizes crowd sourcing to predict the outcome of future events – told me about how they had formed their team. Some teams, for example, grew out of academic acquaintances, whereas others (at least one I spoke to in particular) met at startup events (this particular team had met at just such an event at HEC!).

In MBA programs we often focus on the 'idea' or the business plans, or building marketing plans, or working to define pro forma statements, or identifying competitive advantages. But my visit to Le Camping highlighted something else of critical importance to entrepreneurs. Much like being a successful manager hinges not just on knowledge but on the soft skills as well, so too can launching a successful entrepreneurial venture benefit from the sort of intangibles that an environment like Le Camping, or HEC's own incubator, have to offer. Developing such soft skills, likely impossible to concretely define, are in my opinion, one of the most important benefits of an entrepreneurial education, despite perhaps being the one thing that is impossible to 'teach'.

Hopefully in reading my article, you are as excited to see what such an incubator environment is like, as I was to go there. The Entrepreneurship Club is working to organize a trek to Le Camping, as well as to other incubators, to visit the sites and allow the HEC MBA's future entrepreneurs to speak with some of those undertaking the challenge right now. If you're interested don't hesitate to drop me a note: [jonathan.grover@hec.edu](mailto:jonathan.grover@hec.edu)



### Location, Location, Location is Key... Even for an Entrepreneur - by Fernando Amor

For many, a key reason for pursuing an MBA is to learn more about how to be an entrepreneur and open up one's own business. It is thus not surprising that, for doing this, people often tend to consider hot emerging markets, besides the developed countries, driven by the hype and huge growth rates.

However, there are some other variables at least as important as growth rates that should be considered when deciding where to open up a business and that, at the same time, are often omitted by new entrepreneurs.

A few months ago, The World Bank released its Doing Business Report for 2011. This report, and the related rankings, could be considered as the best direct measure of the competitiveness of one country's business environment, because it is based on very concrete metrics of how long it takes to do the necessary things. This report includes variables such as dealing with Registering Property, Getting Credit, Protecting Investors, Paying Taxes and Closing a Business.

Let's take a look at a few

numbers:

➤ Starting a business in New



Zealand takes 1 procedure that lasts 1 day and costs 0.4% of the average income. In Malaysia, there are 9 procedures that take 17 days and cost 18% of average income.

- In Hong Kong, registering a property takes 5 procedures over 36 days, costing 4% of the cost of the property. In Georgia, a major reformer over the last few years, registering a property takes 1 procedure, lasts just 2 days and costs 0.1% of the property's value.
- Paying taxes in Germany is a relative nightmare – 16 payments, taking 215 hours – compared to Kuwait where a similar number of payments only takes half the time.

This is not to say that Georgia and Kuwait are more productive than Hong Kong and Germany. What it

**Continue to 'Location' on the Next Page...**

**PUT IT DOWN IN YOUR CALENDAR!!!**

**ENTREPRENEURSHIP CLUB MEETING: MAR 10.**

**LOOK FORWARD TO SPEAKER SESSIONS IN MARCH AND APRIL!**

## Becoming an Entrepreneur PART I: The Barriers to Success

- by Marko Jelavic (A Hopeful Entrepreneur)

**Entrepreneur???** *Maybe I'd rather just work for someone my whole life... I'll just give them my ideas!*

### FEAR!

It is the single most common word and obstacle that aspiring entrepreneurs deal with on a consistent basis. One needs to really ask the question: what are we afraid of exactly? Is it the fact that we will give up a steady income and our sense of security?

Fine... I might agree with you

there. However, I would argue that what prevents most would be entrepreneurs from starting something on their own is the lack of a "good" idea.

### But wait!!!

I believe this barrier of having "no good idea" is severely misplaced. Ideas are rampant! Ask yourself in all truth and honesty... how many times did you have great ideas while working for your previous employer? And how many times did these ideas get implemented and the company took credit for it? Sure you got recognition (I hope)...

The company's recognition that is.

More to the point, how many times have you had an idea and never even actually vocalized it. "It'll never work; I'll do it later; I do not have the money or the skills; someone's already doing it; it's stupid; it's a terrible idea; it's too hard; it's just not possible..." Seems familiar?

We all are creative people, with potential beyond what we or anyone else gives us credit.

So where is the problem located? A very successful entrepreneur who started a marketing company

in Montreal told me once: "99% of people have great ideas... 1% of people actually do something about it".

I hope we all continue to cultivate great ideas... but I much rather hope that we all do something about it... and positively impact our world.

**'Becoming an Entrepreneur' is a multi-part series that will examine the challenges of becoming an entrepreneur and perspectives to overcome them. Read the next part of the series in Issue III of The Innovator**

## Location, Location, Location...

### Continued From Previous Page

means is that – in those areas at least – it's easier to do business. The focus is on efficient regulation – not wasting anyone's time more than you have to. The reason that this is so important for governments is that, while building a very productive labor force takes generations, they control every last aspect of the ease of doing business. Take Rwanda, which has actively changed its business system in the last five years. The number of procedures required for opening a business is down from 9 to 2, while the number of documents required for exporting is down from 14 to 8. Making a country an easy place to

do business is a decision a government can make nearly overnight.

Going back to hot emerging economies, if we look at the BRIC's and how easy it is to open up a business in these places, things do not seem bright at all:

- Brazil ranks 127<sup>th</sup> out of 183 countries. It takes 15 procedures that last 120 days and cost 7.3% of the average income.
- Russia ranks 123<sup>rd</sup>. People wanting to open a business there need 9 procedures over 30 days to make it happen, costing 3.6% of their average income.

## FIND MORE ONLINE!

THE INNOVATOR HAS PARTNERED WITH 'ENTREPRENEURS MBA' TO PROVIDE ADDITIONAL MATERIALS. SEE MORE ONLINE AT:

<http://www.entrepreneurs-mba.com>

- India ranks 134<sup>th</sup>. It takes 12 procedures, 29 days and (glup) 56.5% of the average income to open up a business.
- China, despite ranking 79<sup>th</sup>, requests 14 procedures that last 38 days and cost 4.5% of the average income.

If we compare these data with other nations that do not receive the same attention but have the means to grow as much as the aforementioned countries, such as Mexico

and South Korea, the results are pretty contrasting:

- Mexico ranks 35<sup>th</sup> in the world for doing business. It takes 6 procedures during 9 days to open up a business, although it costs 12.3% of the average income.
- South Korea ranks 16<sup>th</sup>, allowing to run a business after 8 procedures, 14 days and costing 14.7% of the average income.

Of course we are not considering variables such as corruption, political stability, security, etc., but yet the comparison is very self explanatory.

So now you know: despite the doom and gloom of the recession, if you are looking forward to open your own company after your MBA finishes, make sure that your priority (besides growth rates) is to pick a country that is a good place to do business – for the Hong Kongs of this world, as well as the Georgias and Rwandas.

To view the 2011 Doing Business report put out by the World Bank, check out the following link: <http://www.doingbusiness.org>



## Newsletter created by the HEC MBA Entrepreneurship Club

Editor-in-Chief: Jonathan Grover

Contributing Editor: Fernando Amor

Contributing Editor: Marko Jelavic

For Questions, Comments or Correspondence regarding this newsletter or the HEC MBA Entrepreneurship Club please contact Jonathan Grover at: [jonathan.grover@hec.edu](mailto:jonathan.grover@hec.edu)