The Business of Software

- University of Toronto CSC 454/2527S
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- www.dgp.toronto.edu/people/RMB/bizsoft.html

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Introduction

- Course Staff
- Objectives of Course
- Methods Used in Course
- Course Themes
- Guest Entrepreneurs
- Course Schedule and Evaluation
- Term Project — The Business Plan
- Group Work
- An Interactive Class — Questions Encouraged!
Course developed by
Prof. Ronald M. Baecker

- Bell Professor of Human-Computer Interaction, and Prof. of Computer Science, ECE, and Management, University of Toronto
- Founder and Chief Scientist, Knowledge Media Design Institute, University of Toronto
- Visiting Professor or Research Scientist at M.I.T. Media Lab, Apple Comp., Xerox PARC
- B.Sc., M.Sc., Ph.D., M.I.T.
- Founder and CEO (1976-1983), HCR Corp., sold in 1990 to SCO
- Has taught this course in Toronto, Ottawa, Calgary, Vancouver, Los Angeles, Buenos Aires (Argentina), Santiago (Chile)

Instructor: Philip D. Stern

- 20 yrs as tech executive & entrepreneur
- “Stern Thinking” consulting practice for 6 yrs – help tech cos. build Business Plans
- Co-founder of Workfire, iTiVa, Xaplica & more
- Small-scale seed-stage investor
- B.Com. McGill, Harvard MBA
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TAs

- Teaching Assistants:
  - Adriana Ieraci
  - Yogesh Kalra
  - Pedram Rahbari
  - Zohair Harianawala

Adriana Ieraci

- M.Eng. student in Mechanical and Industrial Engineering
- Asst. Tech Manager: Univ of Toronto Innovations Foundation
- Manager of Customer Operations, Program Manager, and Software Requirements Analyst at PersonaMedia Inc.
- Specialist in business process engineering, operations analysis, and quality assurance
Yogesh Kalra

- Management professional with a work history encompassing business development, systems development (SAP), sales and marketing
- MBA Candidate 2003 – University of Toronto
- CMA candidate for attaining the designation in 2004
- Masters in Management Studies, University of Bombay, India
- B.Sc. (Hons.) Statistics, University of Delhi, India

Pedram Rahbari

- Entrepreneur
- MBA student, Rotman School of Management
- Previously, senior executive and planning director at PIRAZZ Consulting, Planners, Architects, and Engineers in Iran
- Published author and researcher on topics including “intelligent” buildings and management of engineering consulting firms
Zohair Harianawala

• MBA Candidate 2003 – University of Toronto
• Junior Programmer Analyst, 1998
• B.Sc., 1998 McGill University
• Nortel Networks, Toronto, ON – Software Designer, 1999-2001
• Corporate Software and Technologies, Montreal, QC

Objectives

• To understand the high-tech and especially the software and Internet business environment
• To learn principles for defining and crafting a healthy profitable growing software business
• To convey how difficult this is
• To hone one's skills in thinking about strategic software business issues
• To join a community of software entrepreneurs
Methods

• Lecture and discussion of material organized into 8 themes and 60+ principles for success
• Elaborations and illustrations, especially from guest entrepreneurs, through first-hand and second-hand accounts (live and on video)
• Discussion and critiques of guest entrepreneur presentations
• Development of business plans in stages
• Exercises for students

Course Themes

• I. Innovation in the Software Industry
• II. Focus and Objectives — Defining and Planning the Business
• III. Opportunity and Timing — Market and Product Planning
• IV. Proprietary Technology and Capability for Winning Software
Course Themes (cont’d)

- V. Marketing and Distribution of Software Services and Products
- VI. Cash — Financial Management and Financing Acquisition
- VII. Leadership and Management
- VIII. Partnerships — Strategic Alliances, Mergers, and Acquisitions

Guest Entrepreneurs

- Characteristics
  - Experienced entrepreneurs
  - Successful entrepreneurs
  - Products and service companies
  - Information technology in a broad sense
  - Focus on the Internet
- 15-25 minute presentations
- 30-40 minutes of question-and-answer, based on your participation!!!
- Discussion and critique the following week
Course Schedule

- Hour 1: Typically, discussion of previous week’s guest entrepreneur followed by lecture
- Hour 2: Typically, guest entrepreneur of week
- Hour 3: Typically, the tutorial
  - Original presentations
  - Student presentations
  - Feedback and Q&A re the business plan
  - Some tutorials joint in lecture room, some individual

Course Readings

- 2 course texts (1 at Bookstore; 1 ebook from amazon.com)
- Course readings package (at Canadian Scholars Press Inc.)
Business Plan

- Teams of five
- Assignment A: Idea generation
  - Due 13 Jan.
- Assignment B: Plan version 0 — team formation and description of basic idea
  - Due 20 Jan.
- Assignment C: Brief Assessment of one other team's idea.
  - Due 27 Jan.
- Assignment D: Plan version 1 — Completed Questionnaire, skeletal draft biz plan
  - Due 3 Feb.

Business Plan

- Assignment E: Oral biz issue presentation
  - 24 Feb.
- Assignment F: Plan version 2 — complete draft plan
  - Due 3 Mar.
- Assignment G: Oral biz plan presentation
  - Mar 31 or 7 Apr. (those who didn't present on 24 Feb.)
- Assignment H: Plan version 3 — final written business plan
  - Due 11 Apr.
Course Evaluation

- Various stages of the written business plan
  - Grade for the final plan includes 3 components:
    Group + improvement + individual grades
- Oral presentations
- Term test
- Class participation and discussion… you must read, write, speak, and interact in this course!!!
  - We will take photographs (worth 1% of your grade) to help us get to know you!
  - Email one or in BA 7214, 12:30-2:30pm, Jan. 13 and 20

Class Exercise

- Recall a class with a group project … or a team project at your place of employment …
- What made the group successful?
- What were the major problems encountered?
Typical Problems (small sample)

- 30%: Difficulty contacting group members
- 25%: Failure of some to do what they’ve promised
- 30%: Feeling that you had to take leadership role to get anything done
- 20%: Failure to divide tasks fairly
- 25%: Insufficient brainstorming
- 25%: Misunderstandings due to poor expression / poor listening
- 25%: Difficulty accepting feedback from others

Group Work

- Group Formation
- Arranging and Attending Meetings
- Managing Meetings
- Brainstorming
- Achieving Open Communication
- Dealing with Interpersonal Conflicts
Group Formation

- Harnessing complementary skills
  - Writing, research, technology, marketing, finance, leadership, organization, domain expertise
  - Form includes information on expertise

- Ensuring compatible goals
  - Expectations for the course, e.g., grade
  - Work styles, e.g., slow and steady progress vs. last-minute all-nighters

- Forestalling difficulties in contacting members
  - Biggest problem in past

Arranging and Attending Meetings

- Contacting people and arranging meetings
  - Form included with Assignment B includes complete contact info for all team members
  - Stay in touch every day
  - Inform team if you need to go out of touch

- Attending meetings
  - All have obligation to attend, unless agreed otherwise
  - Arrange next meeting at current meeting
Managing meetings (1)

- Ensuring that meetings accomplish something in a reasonable amount of time
- Form that will be included with Assignment C encourages structuring meetings with specific roles, including facilitator, scribe, and timer
  - Try to rotate roles
- Facilitator must have absolutely clear purpose for the meeting, most communicate this to all

Managing meetings (2)

- Keep meetings as brief as possible
- Record results of meetings, follow-up required, and responsibilities
- Leaders and followers … both OK roles
- If someone screws up, do whatever damage repair is needed and move on
Brainstorming

• Techniques
  – Give everyone a chance to suggest ideas
  – Disallow criticism during initial phase
  – Encourage freewheeling ... no idea too crazy
  – Encourage quantity and variety of ideas
  – Encourage combinations and improvements
  – Do not follow any suggestion too rigidly
  – Have one group member take notes

• Brainstorming required to choose basic idea, also possibly for product design, positioning, marketing strategy, financial strategy, ...

Open Communications

• Making suggestions — no idea too crazy
• Understanding suggestions that aren’t clear
  – “I’m not sure I understand ..... could you please explain it again”
  – “Could you draw me a picture?”
  – “So you’re saying ..... Do I understand it correctly?”
• Dealing with suggestions that have been ignored
  – “I can see your point ..... but let me repeat my idea ..... perhaps you can tell me why it won't work”
  – “I really won’t feel right going ahead with that unless we consider my idea as well”
Understanding Interpersonal Conflicts

• What is the other person trying to say?
• What do I not know about this situation?
• Do we still have a shared goal? What is it?
• Are my expectations realistic?
• Am I presenting my concerns clearly? If not, how can I do so?

Resolving Interpersonal Conflicts

• State your opinion or your concerns as clearly and assertively as possible
• For example, if there is a behaviour you find problematic:
  – Explain what it is
  – Offer your interpretation of the behaviour, giving the other person the benefit of the doubt
  – Explain the consequences of the behaviour
  – State your goal clearly, for example, a request to change the behaviour.