

Guest Lecture

COMPSCI 490S Software Entrepreneurship

March 5, 2019



Jim Flynn

Entrepreneur in Residence at CICS


<https://jamespflynn.com>

Agenda

- About Jim Flynn
- Selected topics on start-ups
- Painful lessons
- Recommendations

About Jim Flynn



A man is lying in a hammock in an office cubicle, holding a glass of red wine. He is wearing a blue t-shirt and shorts. The cubicle has a desk with two computer monitors, a keyboard, a mouse, a coffee maker, and a telephone. There is a window in the background showing a city view. The man is smiling at the camera.

Paper Boy
Dishwasher
Busboy
Landscaping
Waiter
Construction Laborer
Sandhog
Crowd Control (Times Square)
Software Engineer (AT&T)
Hardware Engineer (AT&T)
Account Executive (AT&T)
VP, Bizdev (start-up)
Journalist
Book Author (Java Dev.)
CEO (start-up)
Java Developer
COO (NASDAQ: ALYS)
COO (Pitney Bowes sub.)
Husband (of The One)
Dad (of four!)
President (start-up)
CTO (part-time)
Expert Witness (patents)
Blockchain Adviser
Entrepreneur in Residence (UMass CICS)
Nonprofit Co-Founder

About Jim Flynn

Telecommunications
Fintech
Media & Entertainment

MBA – NYU
BS – Manhattan College

Companies

- AT&T
- International Financial Systems, LTD.
- Greenbar Software
- @Work Technologies
- Alysis Corp.
- Pitney Bowes
- EZTakes
- Overlook
- The Kuwa Foundation

The Beginning

- Why a start-up?
- Alternatives
- Taking the leap

Organization

- Yes, you need a legal entity.
- What type?
 - LLC
 - C Corp, S Corp, etc.
- Contracts
 - Non-competes, IP, confidentiality, “at will,” etc.

Funding

- Options
 - Bootstrap
 - Friends & family
 - Debt
 - Angel & venture capital
- You'll need more than you think.
- Getting a bunch of money can cause problems.

About Lawyers

- You will need them.
 - Would you perform surgery on yourself?
 - However, use their time wisely.
- Do not let them negotiate for you.
- Use lawyers for legal **advice**.
 - What's the worst case legal scenario?
 - You make the decision.

Team

- The enemy: personal agendas
- Get partners with complementary skills.
- Everyone will demand payment (at some point).
- Be careful with equity.

When Ownership Changes Things

- 100% to 99%
 - You have minority shareholders to deal with.
- 51% to 50%
 - You no longer control the company.
- 50% and 49%
 - You become a minority shareholder.

Salespeople

- You need them.
 - They can annoy tech types.
- Everything is the comp plan.

Product Managers

- Focus: long-term profitability
- The “middleware” between sales, development & management

Firing People

- When
 - Dishonesty
 - Can't or won't do the job
 - Incompatible agenda
- Be fair
 - Give the employee feedback and a chance to improve.

Agile Approach to MVP

- Short development sprints
- Try something – get feedback – adjust – repeat
- A bad waterfall can kill you.

Outsource & In-source

- In-source: competitive advantage
- Outsourcing candidates: QA, accounting, legal, customer service, PR, etc.
- Beware of software consultants.

The Exit

- Circa 2000: IPO
- Now: get acquired
- “Lifestyle”
- Jim’s rule of five
- Surviving due diligence
 - accounting, intellectual property, etc.
- Advice
 - “Should I wear my leather pants?”

Painful Lessons



Negotiating

A close-up photograph of a person in a dark suit and blue tie, sitting at a wooden table. Their right hand is clenched into a fist, resting on the table. Their left hand is also resting on the table, with fingers slightly spread. The background is blurred, showing a white object on the table.

Be strong. Don't be obnoxious.

**Tech types are
easy to read.**

**What a
great deal!**



Closing



Beware of lunging.

A photograph of two pigs in a field. The pig in the foreground is large and white, with its head down, sniffing the ground. The pig in the background is smaller and also white, standing and looking towards the right. The ground is covered with dry leaves and straw. In the background, there are trees and a fence.

Greed

Pigs get fat.

Hogs get slaughtered.

Industry Experts

A photograph of a flock of sheep following a white goat with brown markings on its head and neck. They are walking on a dirt path in a rural setting with trees and a fence in the background. The scene is brightly lit, suggesting a sunny day.

Pick your own weaknesses.

Get a lawyer.

TERM SHEET

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Yuh fyud!

**Get a
*Constructive
Termination*
clause.**

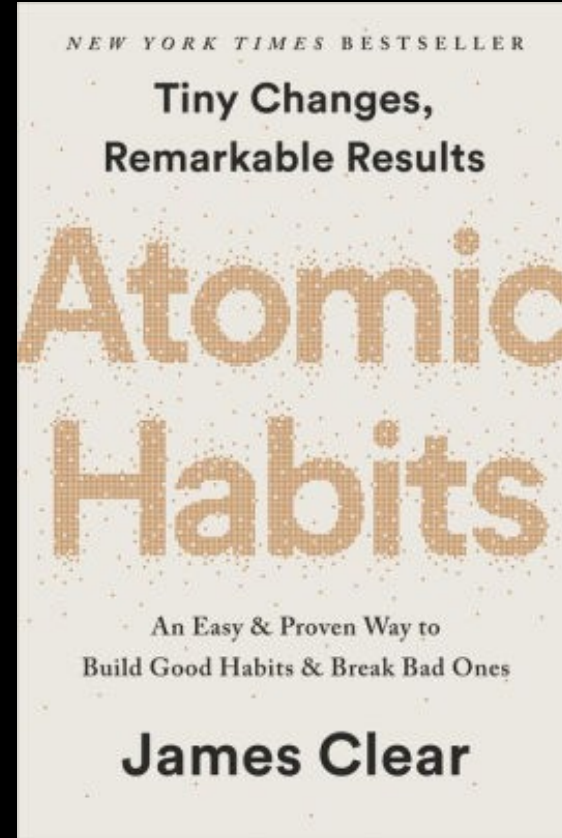
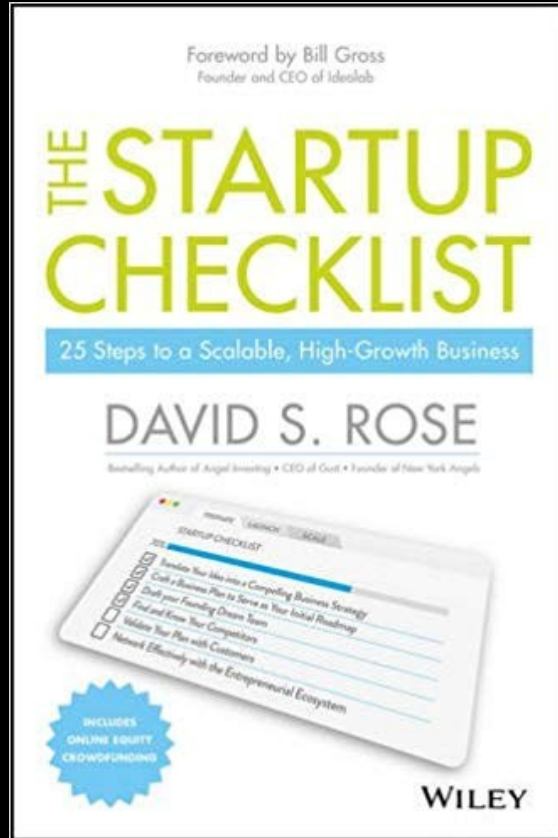
**Expect people to do what
is best for themselves.**

Required for a Successful Startup

- Work hard
- Be smart
- Luck

You need at least two. One must be luck.

Book Recommendations



**"I have not failed once. I have
succeeded in proving that those
10,000 ways will not work."**

– Thomas Edison
while inventing the light bulb

I will published these slides on

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