

Feature

# The Kevin O'Connor Interview:

## Venture Capital and Entrepreneurship



*Kevin O'Connor is co-founder and former CEO of DoubleClick. DoubleClick is the world's largest Internet advertising technology company and was recently acquired by Google. Prior to DoubleClick, Mr. O'Connor founded and developed several successful Internet businesses and is now the principal of O'Connor Ventures, a venture capital firm that provides funding for entrepreneurial startups. For this interview we met with Mr. O'Connor in Santa Barbara, California to explore his thoughts on Internet entrepreneurship, venture capital, and success in life.*

**Kaizen:** Before you went to college, you were a young man with an experimental turn of mind. Some of those experiments went well—and others didn't?

**O'Connor:** Well, there was the one when I tried to build a hot air balloon and it was too windy, so I launched it in our garage and it caught on fire. It was about six o'clock on a Sunday morning, and all the hot ashes flew up in the rafters and almost burned the whole house down and killed the family. So I had to put everything out before anyone woke up.

**Kaizen:** What was your parents' reaction to that?

**O'Connor:** My dad actually helped me build a new one, and we went out and launched it, but it was too windy and it burned up again. But it was outside. He was always very good on that. And the other time, I think I was building a rheostat and it was very, very hot and it caught the carpet on fire. I tried to hide

it and somehow my dad always found everything I did. He was totally cool with it; he was fine. He liked the story and he was glad I didn't kill anyone.

**Kaizen:** So by the time you went to college you had years of fun experience with technology and great parental support?

**O'Connor:** Yep. My dad used to go out with me every garbage night. We'd go out and collect TVs and radios and anything with electronics. He used to help me do that.

**Kaizen:** How far back can you remember being interested in electronics?

**O'Connor:** Twelve or thirteen maybe.

**Kaizen:** Do you remember what first launched that?

**O'Connor:** My dad was an electrical engineer, so there's always that. But a good friend of mine from down the street was into building motors and go-

cars, and got me interested in building stuff.

**Kaizen:** Did you start college knowing what you were going to major in?

**O'Connor:** I knew I was going to be an electrical engineer probably since I was thirteen or fourteen.

**Kaizen:** And this was in the early 80s?

**O'Connor:** I graduated high school in '79.

**Kaizen:** Right on the cusp of the big computer revolution.

**O'Connor:** Yes.

**Kaizen:** You graduated from the University of Michigan with an honors degree in electrical engineering, but you quit graduate school to start your first entrepreneurial enterprise. What was that?

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THIS FROM THE EXECUTIVE DIRECTOR  
ISSUE: CENTER EVENTS  
CENTER NEWS



In this issue we highlight an upcoming course from Professor J.J. Asongu, a report on Professor Steven Horwitz's guest lecture, and the work of four students in the Entrepreneurship and Ethics course—Khetsiwe Dlamini, Goran Mamic, Bridget Markin, and Stacy Moore.

Our feature interview is with venture capitalist Kevin O'Connor. We met with Mr. O'Connor in California to explore his experience with starting DoubleClick and several other entrepreneurial ventures during the early, exciting years of the Internet, the challenges of being a CEO in a rapidly-growing company, the venture capital process, and the absolute importance of being passionate about what you do.

At the Center, we also continue to build up our collection of resources on entrepreneurship and business ethics, so please feel welcome to visit us on the second floor of Burpee—or online at [www.EthicsandEntrepreneurship.org](http://www.EthicsandEntrepreneurship.org).

Stephen Hicks, Ph.D.

**DoubleClick**

**double  
click**

Past and present DoubleClick logos

O'CONNOR, CONTINUED

O'Connor: I was accepted into the Ph.D. program. I begged and pleaded with the EECS chair to get early admission, and the day he gave me early admission, I had talked to a buddy and decided to go and start a company rather than get a Ph.D.

*Kaizen:* That new venture was Intercomputer Communications Corporation (ICC)?

O'Connor: Yes, ICC. I think it maybe was the springtime—he'd already had a consulting company down there—I started working on the product in college, started designing the product.

*Kaizen:* "He" is Bill Miller? And Michael Schier was in on this as well?

O'Connor: Yes.

*Kaizen:* They had come up with the idea and talked with you about it and you signed on?

O'Connor: They were tying Apple computers into Burroughs mainframes, emulating the MT-983 terminal. I had worked on one of the first IBM PC projects, which was a 5250 terminal for the IBM system. So I had communications and terminal emulation experience and I had worked on one of the first PC projects, so I knew the PC. The plan was to tie the PC into the Burroughs mainframe.

*Kaizen:* And this came out of your internship at Texas Instruments, where you met Bill Miller, and he was working independently with Michael Schier?

O'Connor: Yes.

*Kaizen:* How did you raise the initial capital?

O'Connor: They had a consulting business—they were doing contract programming—and then Bill's parents put in like \$25,000.

*Kaizen:* \$25,000 doesn't sound like much in hi-tech. How far did you think you'd get with the \$25,000?

O'Connor: We thought we'd get all the way with it.

*Kaizen:* Was the idea that the \$25,000 would take you a certain distance but by then you would have your product in place and enough customers to make it self-sustaining?

O'Connor: Yes. Then it would take off.

*Kaizen:* Which is what happened. You had the right idea at the right time, but in these early

days of computer connectivity, did you have any special challenges with selling your product?

O'Connor: Yes, it was hugely difficult. I thought it would be easy. I thought the PC was obvious, that the PC would take over the world, and that every business would want one. But the first hundred people we talked to—MIS [ed.: "Management Information Systems"] managers—would say there's no way in hell a PC would ever come into their company.

*Kaizen:* Why were they so vehemently opposed to it?

O'Connor: Loss of control. They had the mainframe in the room—that only they could control, they could program, they could touch—it was behind locked doors.

## The first hundred to would say there's would ever come in

*Kaizen:* So this was a turf issue, essentially?

O'Connor: Yes. And in their defense, there weren't a lot of applications for the PC. The PCs actually started coming into corporations under the radar. They were bought as calculators, they were bought as typewriters, word processing systems, but they weren't bought as PCs.

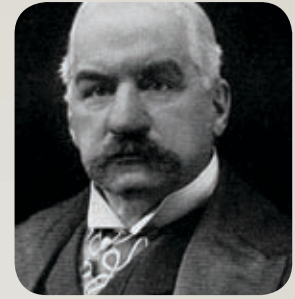
*Kaizen:* So it wasn't a matter of having to do a sales job—it was more this grassroots type of approach, and then the MIS people had to give way?

O'Connor: Yes. Then they'd call us back and say, "Hey, my CFO [ed.: "Chief Financial Officer"] just bought a PC and he wants it tied in." So there's a lot of end-user demand.

*Kaizen:* You mentioned you talked to a hundred people or so and got "No's." How did you finally break through? Because if you're waiting for grassroots, it's not going to take too long before you run out of your \$25,000.

O'Connor: You just keep pounding. You buy call lists and you call and call and call, and finally get a "maybe" and a couple "yes's." We had very, very low overhead.

*Kaizen:* Seven years later, in 1992, ICC was acquired by DCA and you became Vice-President of Research. What were your new responsibilities?



Financier **J. P. Morgan** was once asked whether money was always loaned out based on one's assets. Morgan replied, "No, sir, the first thing is character." And, Morgan continued, if someone he couldn't trust asked for funding, he wouldn't make the loan even if he had "all the bonds in Christendom."



"Money never starts an idea; it is the idea that starts the money."  
—**W. J. Cameron**, Chicago medical entrepreneur and explorer



"If someone asks me what the best preparation is for the investment counsel profession I usually reply: the classics. The vast tableau of century upon century of detailed analysis of discoveries, conflicts, and statecraft, learning, and human growth and turmoil offers a unique perspective on the problems we find so puzzling. The problems of NATO are familiar ground to the reader of Thucydides; Churchill is often an echo of Cato."  
—**John Train**

wanted to do my own thing eventually, because I was working on coming up with product ideas. So my main purpose at ISS was to help build the company. I was selling, trying to recruit people, write the manuals, do the marketing.

*Kaizen:* ISS became very successful and was sold to IBM in 2006 for \$1.3 billion. Did you still have a financial stake?

O'Connor: Yes. I was on the board all the way to the end.

*Kaizen:* Going back to 1995, you were in Atlanta and working out of your basement, where you and Dwight Merriman got the idea for the company that became DoubleClick. How did you get the idea for DoubleClick?

O'Connor: We knew the Internet would be big. It was still in a nascent state. It wasn't clear what the economy of the Internet was going to be: what was going to make money, how are people going to make money. So the original idea was actually a network of subscriptions, very similar to the way CompuServe used to work. So, rather than having subscriptions to a thousand sites, you would buy a master subscription from us and we would allocate money, depending upon how much time you spent on sites. We knew that subscriptions were going to be very big on the Internet but there was going to be tens of thousands of websites out there, so it would just be unmanageable. As we studied the Internet and the market, we came to the realization that the subscriptions idea was not going to work. So we looked at the other alternative, and that was advertising. We took almost the exact same idea and networked the websites for advertising.

*Kaizen:* At what point did you start adding more people?

O'Connor: In Atlanta we added two more people. We added a programmer and an actual salesperson.

*Kaizen:* So you're still in Atlanta, and DoubleClick has potential, and you're now up to four people, and are you putting the financing in yourselves?

O'Connor: Yes. It was all my money at that point. People were working for free or minimum salary.

*Kaizen:* At this point you also made a key decision to move to New York City rather than, say, Silicon Valley or the Massachusetts 128 corridor, which may have seemed more a natural choice for an Internet-based company. Why New York?

CONTINUED ON PAGE 4

O'Connor: I was Director of Research and then shortly after became VP of Research. DCA was sort of a stagnant growth. Their big product was the Irma 3270 emulator to the IBM mainframe. So we were all in what was once a very exciting market and was now a stagnant market. It wasn't exciting anymore. So I had to come up with new growth.

*Kaizen:* How many people were you managing?

O'Connor: I think at that time just a couple. Dwight Merriman was one of them.

*Kaizen:* And you went on to do other things with Dwight very soon. So your management skills are not called on too much because this is still relatively a small research team. Were there any management issues coming on board at this point?

## people we talked no way in hell a PC to their company.

O'Connor: It was probably my first time managing, even though I was VP of Research at ICC, I generally worked by myself. I developed many of the products by myself. I coded them; I supported them; I wrote the manuals. There was very little management of other people. And these guys at DCA were all top developers, so management was different. It was more about inspiring—I had to inspire them to come up with new product ideas. I was a terrible manager.

*Kaizen:* You left DCA after it was acquired and went on to help founder Chris Klaus and Tom Noonan build up Internet Security Systems (ISS).

O'Connor: Chris was by himself at the time. He was looking for some help. His lawyer had turned me onto him. I was an older and more experienced entrepreneur and here was a guy who was twenty years old, had a product and a few customers, but he didn't know how to build a company.

*Kaizen:* What was ISS doing?

O'Connor: They were doing Internet security scanning.

*Kaizen:* What was your contribution to building up ISS?

O'Connor: I worked there full time in the beginning. They wanted me to run the company. Chris and I had talked about that but I really



Mr. O'Connor in his home

O'Connor: A little more story behind that. Our concept was take technology, unite a whole bunch of sites together, and be able to deliver highly-targeted and measurable ads. We didn't see anyone else doing it out there.

And then all of a sudden I run across a story in an advertising magazine about an almost identical idea from a company up in New York. The company, which was really just a group of media sales people working for an ad agency, was called DoubleClick. So we called them and it turns out that it was just purely a concept. They didn't have anything. I was talking to Dave Carlick, who was the head of the group—they were selling advertising on behalf of Netscape and Excite. So they were probably the biggest media sales group out there, and they had an identical concept. What they didn't have was any technology. And we had the technology but didn't have the media sales experience. That company was just four people, so it was their

four people, our four people. We kept their name, DoubleClick, because it was clearly better than our company name—Internet Advertising Network.

So we looked at where we could move it to. Atlanta wasn't an option. At first New York really wasn't an option; it was clearly Silicon Valley. You've got to go to Silicon Valley as a technology company. But most publishers and most advertisers are out of New York. So we said, "We're going where our customers are located."

*Kaizen:* With 20/20 hindsight, it was a great decision to go to New York?

O'Connor: Yes. We found that a lot of our competitors in Silicon Valley really didn't understand advertising. When there was a perfectly good existing term to describe something, they would make up a new term because they didn't know what the term was. They didn't understand advertising or direct marketing. I spent all my time researching traditional advertising: what were all the terms? And what were all the things that they were looking for—reach and frequency and CPM? And we couched everything in traditional advertising terms, whereas our competitors tended to make up stuff, which really alienated their potential customers.

*Kaizen:* In New York you recruited Wenda Harris Millard as executive vice president because of her extensive marketing experience and contacts. How critical was that hiring decision?

O'Connor: She was very instrumental. She came from the publishing side. We had to be able to attract publishers and we had to be able to attract advertisers. She came from the

publishing world and she had spent twenty years selling advertising and managing publications. She came from the traditional world. She gave us a lot of credibility. Back in those days, the problem was all the dollars were controlled by 50- or 60-year-old people who were used to buying TV, radio, print advertising. They weren't using the Internet, had never even heard of the Internet, and didn't want to talk to anybody.

*Kaizen:* So again, it's a hard sell. Is it not like the hard sell you had at ICC where it was turf control, the MIS people not wanting to hook up PCs to their mainframe or let PCs in? In this case it's a matter of people not understanding the product because they're the older generation?

**You've got to be per-  
be confident, you've  
and the company and  
can't be arrogant and**

O'Connor: I'd say it's almost an identical problem, because you've got people who resist change. The Internet was by no means a slam dunk. When I got to New York, there was a core group of people who believed in, lived, and breathed the Internet, but 99.9 percent of the people didn't and had never been on it.

*Kaizen:* In 1997, DoubleClick landed \$40 million from West Coast and Boston VC firms. Surprisingly, you found it difficult to raise venture capital in New York?

O'Connor: The history of DoubleClick is complicated. So BJK&E owns a big chunk of us, let's say 50 percent, and they were funding us—they kind of gave us a blank check. And we were spending the money. As the Internet

## CEE Guest Speaker: Steven Horwitz



Dr. Steven Horwitz

Dr. Horwitz, Professor of Economics at New York's St. Lawrence University, spoke at Rockford College on "Wal-Mart to the Rescue: Private Enterprise's Response to Hurricane Katrina." Professor Horwitz discussed Wal-Mart's advance response-planning for the disaster, the speed with which it re-opened most of its stores and restored a sense of normalcy, and the amount of free emergency supplies it distributed. A ten-minute interview with Dr. Horwitz after his talk is available at the Center's website.

## CEE Course Development Grant

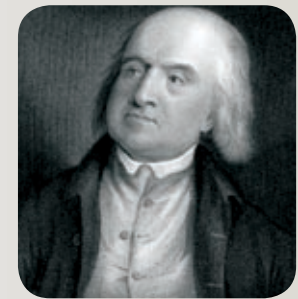


Professor J.J. Asongu

Congratulations to Professor J.J. Asongu, who received a development grant for his Social Entrepreneurship course, to be offered in Spring 2010. This will be a multidisciplinary course that draws from knowledge of entrepreneurship, social enterprise and finance, capital markets, corporate social responsibility, environmental sustainability, and ethics. The course will educate and train social entrepreneurs, who will seek to improve societal conditions by addressing and solving problems through entrepreneurial skills and business models.



“The universal regard for money is the one hopeful fact in our civilization, the one sound spot in our social conscience. Money is the most important thing in the world. It represents health, strength, honour, generosity, and beauty as conspicuously and undeniably as the want of it represents illness, weakness, disgrace, meanness and ugliness. Not the least of its virtues is that it destroys base people as certainly as it fortifies and dignifies noble people.”  
 -George Bernard Shaw



“The business of a moneylender...has nowhere, nor at anytime, been a popular one. Those who have the resolution to sacrifice the present to the future, are natural objects of envy to those who have sacrificed the future to the present. The children who have eaten their cake are the natural enemies of the children who have theirs. While the money is hoped for, and for a short time after it has been received, he who lends it is a friend and a benefactor: by the time the money is spent, and the evil hour of reckoning is come, the benefactor is found to have changed his nature, and to have put on the tyrant and the oppressor. It is an oppression for a man to reclaim his own money; it is none to keep it from him.”  
 -Jeremy Bentham

O'Connor: A lot of the stuff that's in my book [*The Map of Innovation*] are strategies I had developed over time. A couple of things. One is, I absolutely believed in what we were doing: I believed that we'd become a huge company. Kevin Ryan, in our interview, he asked me, "What's your goal?" At the time I think we were eight people. And I said, "I want to be broken up by the Justice Department. I want the company to be so successful that they break us up." And he laughed. And then, ironically, it came to fruition. I really, really believed that we would become one of the world's leading Internet technology companies. And that's infectious. We had a very focused strategy to do that; we could show people how that was going to happen. And people believed it.

*Kaizen*: In your book that theme comes across very clearly—to focus on the absolutely essential thing, and block out everything else.

Another major event: DoubleClick went public before the dotcom bust. Were you affected by the bust?

O'Connor: It was the spring of 2000. We'd just raised a bunch of money. I think about fifteen of our top twenty customers disappeared.

*Kaizen*: Just overnight like that?

O'Connor: Yes. So we were \$600 million in revenue and it just kept dropping—freefall.

*Kaizen*: You had money in the bank, so you could ride it out?

O'Connor: Yes. But we made a lot of changes. We cut the company in half very quickly. We jettisoned a lot of business—we jettisoned our original business, which was the network, selling ads.

*Kaizen*: DoubleClick is one the great Internet success stories—you sold it in 2005 to a private equity firm for \$1.1 billion, and it was recently acquired by Google. Why did DoubleClick succeed when so many other Internet marketing firms failed?

O'Connor: It was really our obsession with providing our customers with solutions—everything revolved around that. It sounds a little hokey—customer, customer, customer. But it wasn't just a customer; it was figuring out their sore points, their pain points and providing a solution to fix that problem. With our competitors, there was a famous CMGI sales meeting and they put up a picture of me, I guess, and he said, "We will destroy them. Our goal is

got hotter and hotter, our association with them was negative because we were selling to other agencies, and other agencies don't want to benefit a competitor. So I was constantly trying to separate ourselves, and all of a sudden, as the Internet's taking off, these guys realize one of the most potentially valuable things they have on their balance sheet is this DoubleClick stock. So they want to sell us. And so we start going around to publishers. We had a deal with Yahoo—it was so close—Yahoo was going to buy us for \$95 million. And BJK&E really wanted to sell us bad, and so I went out and had covert conversations with one of the investors in ISS, which was Greylock, and then they brought in Bain Capital. And Bain came in and

## **sistent, you've got to got to sell yourself the concept, but you you can't be timid.**

said, "We'll buy those guys out and put money in the company." So the trouble was less raising the money than listening to what my main shareholder was telling me to do.

*Kaizen*: The next year you took DoubleClick public. Was that unusually fast?

O'Connor: It was fast. We had a lot of revenue. I think maybe at the time we had \$80 million of revenue.

*Kaizen*: In one year?

O'Connor: Probably two years. So we were one of the fastest growing companies out there. I knew that going public—it was a hot market—getting access to a large amount of capital would put us in a huge competitive advantage.

*Kaizen*: How big is your staff at this point, from the initial eight?

O'Connor: I don't even remember. 250 maybe.

*Kaizen*: At this point you are running the show and now you are definitely in the managerial seat as well?

O'Connor: Yes. You know, it had to be bigger than that, because in 2000 we were 2,500 people worldwide. So probably 400 people, because we were doubling, tripling every year.

*Kaizen*: You mentioned inspiring people. What goes into that? How do you get them all going in the same direction and fired up about what you're doing?

## O'CONNOR, CONTINUED

to destroy them." At our sales meeting we rarely even talked about the competition. I said, "We've got to respect the competition, we've got to learn what they're doing well, but we've got to just be obsessive about our customers' problems. If we provide the best solutions to our customers, they're all going to come to us, and in effect we'll destroy our competitors."

*Kaizen:* Was it hard to give DoubleClick up? You had been a founder and now were turning it over to others.

O'Connor: To stop being the CEO was the much tougher one. The job had completely changed. I was dealing with politicians, lawyers, the media. Everything that I hated doing, that's all I was doing. I wasn't dealing with products or customers anymore. So that was harder. Selling the company was somewhat hard, but not completely. I don't get possessive about companies. To me they're not mine. I was a big part of it, but after ten years I had moved on in my life—I was doing other things. You want to make sure the company goes into the right hands and it's going to be successful long-term.

*Kaizen:* Your major project now is O'Connor Ventures, which provides seed capital to startups. When did you start doing venture capital work?

O'Connor: I've been doing it on the side for thirteen years. I did it with ISS, I did it with HotJobs, I did it with a few other companies about a year after I stepped down as CEO. So, in 2002 I focused solely on being a VC.

*Kaizen:* What do you like most about being a VC?

O'Connor: I love products. I love working with people who are just jazzed about providing a solution to customers and building a great company.

*Kaizen:* Raising money is intimidating to most people starting out. Suppose I have a good idea? What is the first thing I should do?

O'Connor: Come up with ten more good ideas.

*Kaizen:* So I come up with ten more ideas and go through the winnowing-out process ...

O'Connor: Then you should go develop the product. And go sell it to a customer. And get money from yourself, or your parents, or

O'Connor: Right. But then to raise money you've got to have one hell of a sexy executive summary that tells people very concisely what you do and why you're going to win and why it's such an important product.

*Kaizen:* Suppose I've done my homework and have a working business plan—now I need to get funding. For most small businesses that will come from personal savings, family and friends, and local banks. How big should my idea be before I think in terms of angel investors or VC firms?

O'Connor: It's always tough. This is like, "How do you get your screenplay in front of a Hollywood producer?" If you've got product,

**You'd better have more than one idea, and you'd better be passionate. Because the odds are that you're not going to be wildly successful, so you'd better love what you do.**

somebody. But it's almost impossible to raise money, especially if you're never done it before. It was reasonably easy for me to raise money because I had built a company from scratch and people love that. If you've built a company and have a success under your belt, it's much easier to raise money. But that's 0.1 percent of the population. For the rest of the folks it's nearly impossible.

*Kaizen:* So if they're starting small scale, though, they should build a product and go and sell it. At that point one is writing a business plan for one's own strategic thinking, and working it through.

customers, revenue in a pretty sizeable market, people are going to see you. You're not going to have any problems. That sets you apart from ninety-nine percent of the business plans out there.

*Kaizen:* So I have a business plan and a venture capitalist has agreed to hear my pitch. The VC will be assessing the plan's viability, but he will also be assessing *me*. What character traits do VCs look for?

O'Connor: The best ones that I've ever seen are the ones who pre-empt the most obvious questions. And if there's bad news, you better cover it and not wait for a question. So that's

## CEE Student Spotlight

In a new CEE-sponsored course, *Entrepreneurship and Ethics*, students developed in-depth case studies of a major entrepreneur's life, character, style, challenges, and innovations. Student presentations included Bridget Markin on *Coco Chanel*, Khetsiwe Dlamini on *Richard Branson*, Stacy L. Moore on *Andrew Mellon*, and Goran Mamic on *Mayer Rothschild*. Video clips from their presentations are available on the CEE website.



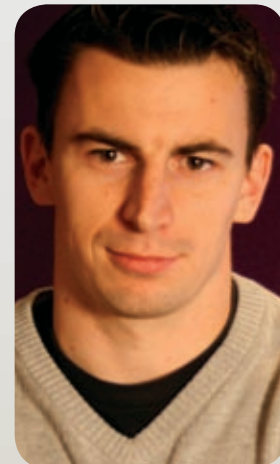
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Stacy L. Moore



Goran Mamic

probably the number one thing.

Number two is that they're looking at how well you understand your market, how well you understand your competitors, how well you understand your threats. But they're looking at your character. So if you don't know an answer, just say, "I don't know the answer and I'll get back to you."

*Kaizen:* What's the VC making the judgment based on? You look at the business plan, the business plan looks good. The guy comes in and, however long the pitch and the ensuing conversation takes, you're committing a large amount of money based on a judgment that this guy can make it happen. So what are you looking for that gives you that confidence?

*O'Connor:* I look at three big things: Have they found a big problem in a big market? Have they solved the problem in what I believe to be the most effective way? And are they able to pull it off—are they smart, are they aggressive, are they honest, and hard-working?

*Kaizen:* Some entrepreneurs worry that their good business idea will be stolen if they shop it around for venture capital. Is this a legitimate fear?

*O'Connor:* I think it's paranoid.

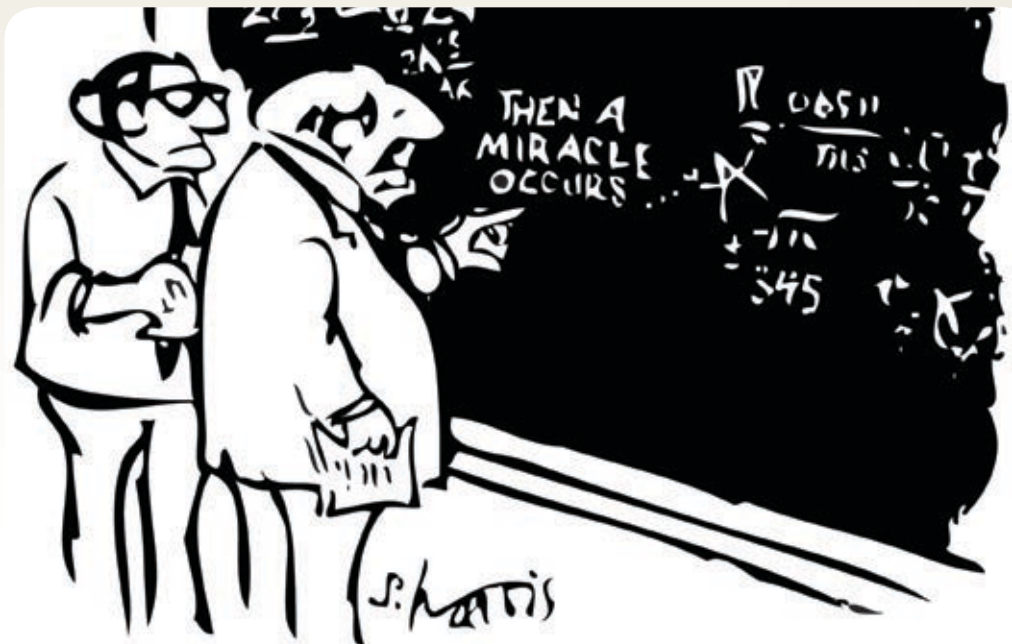
*Kaizen:* So entrepreneurs should think is of VCs as allies? They're providing capital, they're providing the mentoring, they're providing various other skill sets, advice, and so on, all the way down the road.

You have also said that an entrepreneur should try to "raise three times more money than you think you could ever possibly need." Why so much?

*O'Connor:* It's a SWAG [ed.: "Scientific Wild Ass Guess"]. Two times, five times ... You can't figure out all the things you need money for. Usually you overestimate your revenue and underestimate your expenses, and you don't want to be in a situation where you run out of capital. Then you're desperate and you're screwed.

*Kaizen:* You also recommend raising money when you don't need it, which at first sounds counter-intuitive. Why?

*O'Connor:* I like that line. It's kind of a stupid line in some ways, because you obviously need money. Part of it is sort of a mental attitude: you've got to go in there projecting that you *don't* need the money, that you're not desperate. But the last time you want to be raising money at



"I think you should be more explicit here in step two."

© Sidney Harris

any time is when you absolutely have to—you can't make payroll next week unless you raise money.

But people will think that raising money is going to be easy: "It's going to only take me a few weeks, or a month." It could take you three months, four months, five months, so you better start planning six months out in advance to raise the money. Because they'll ask you for your balance sheet and your P&L statement and they're going to look at it and they're going to say, "This guy is bankrupt. I can stick it to him."

*Kaizen:* Nobody likes to hear "No." Should fund-raising entrepreneurs steel themselves to be rejected regularly? As you said in *The Map of Innovation*, great batters hit only one time out of three.

*O'Connor:* You should expect to hear "No" all the time. Usually people don't say "No"; they tell you they're just not enthusiastic, they just don't believe in what you're saying. But people aren't going to understand your market, they're not going to believe the market is going to be there, or they're not going to believe that you're going to be able to pull it off. So, you rarely hear "No's".

*Kaizen:* It still takes guts to ask for money, even if you know that you have a good idea and that you have what it takes to make it happen. Now that you know venture capital from both sides, what advice can you give about courage?

*O'Connor:* I've seen all extremes. You've got to ask and you can't be arrogant. People who are completely arrogant about it, you don't even want to deal with them; you're going to miss this opportunity. You've got to be persistent, you've

got to be confident, you've got to sell yourself and the company and the concept, but you can't be arrogant and you can't be timid.

*Kaizen:* What kinds of entrepreneurship is O'Connor Ventures most interested in now?

*O'Connor:* I like big markets, product, revenue and web-based products.

*Kaizen:* How often do you say "No"? And how often "Yes"?

*O'Connor:* It's probably fifty to one. I have a lot of people ping me—"What do you think of this?" Or "Here's my business." Some of them are so bad.

*Kaizen:* You know from your own entrepreneurial experience: you are smart, you have good judgment, you work hard, and you are passionate about your projects—and while you have mostly been very successful, you list a number of your business failures on page 11 of your book. What did you learn from those failures?

*O'Connor:* I need to do a better job of that. One failure was a tightly-controlled market, so the number of potential buyers or customers was very small. Or not even customers but people you depend on: that can control distribution or a certain aspect, maybe it's a piece of technology you need that's controlled by a handful of people. It's not a hundred thousand companies. You're not tied to somebody. That's probably the big one.

## O'CONNOR, CONTINUED

The second one I just do not understand: FoundValue. FoundValue was a great concept. Sequoia even came in and put four million bucks in it—a top tier VC. And it just didn't work. There was nothing wrong with it. I can't point to anything other than you don't always understand what consumers are going to want, and you get it wrong.

*Kaizen:* Presumably you could retire. Yet you continue to work actively in developing new businesses. Why?

O'Connor: I spent twenty years working 100-hour weeks. Maybe I work twenty hours a week now, so I don't even feel like that's work. I have so much time to pursue my other interests. A lot of my job now is pursuing things that I never had time for over the last twenty years.

*Kaizen:* What recommendations would you give to beginning entrepreneurs about how to handle work/rest-of-life balance issues?

O'Connor: I always tell young adults, when I speak to kids in college, do it in your 20s when you're not married. And make sure you marry someone who's going to be accepting that. You're the smartest and



Mr. O'Connor in his home

you're capable of working the most hours when you're young.

*Kaizen:* In closing, what piece of advice would you give to entrepreneurs just starting out in their careers?

O'Connor: You'd better have more than one idea, and you'd better be passionate. Because the odds are that you're not going to be wildly successful, so you'd better love what you do.

*Kaizen:* Doing your thing, doing it your

way, that's success?

O'Connor: Yes. If you're in it for the money, you're probably not going to be successful.

*This interview was conducted for Kaizen by Stephen Hicks. To learn more about Kevin O'Connor and O'Connor Ventures, please visit <http://www.oconnorventures.com>. Kaizen's full interview with Mr. O'Connor will soon be posted on the Center's website at [www.EthicsandEntrepreneurship.org](http://www.EthicsandEntrepreneurship.org).*

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## MORE INFORMATION ABOUT CEE AND ROCKFORD COLLEGE

*Kaizen* is published by the Center for Ethics and Entrepreneurship at Rockford College. Founded in 1847, Rockford College is a four-year, independent, coeducational institution offering undergraduate and graduate degrees in traditional liberal arts and professional fields. One of 81 colleges nationwide designated as a "College with a Conscience" by the *Princeton Review*, Rockford College is also among 76 U.S. colleges and universities selected by the Carnegie Foundation for the Advancement of Teaching for inclusion in a "Community Engagement" college classification. Rockford College is one of 11 colleges in Illinois and 276 in the country with a Phi Beta Kappa chapter, the oldest and most prestigious academic honors society, and in 2007 was named a "College of Distinction."

**In the Next Issue:**  
**Jerry Reinsdorf on  
Entrepreneurship  
and Sports**



*Kaizen* (改善) is a Japanese term meaning "change for the better" or "continuous improvement." Kaizen has been applied worldwide as a method for improving the efficiency of all aspects of a business continuously through a cyclical process of standardizing operations, measuring their efficacy, evaluating the data, and innovating to improve performance. Kaizen is also used to eliminate wasteful effort and to humanize relationships within the workplace.