

Peter Strauss: This is a rare occurrence. He travels all over the world, he's one of the busiest guys you'll ever want to meet and he's right in the prime of his career. So take a day out of his time and spend it with you all is a real honor and a real pleasure. So I'm really pleased, as the keynote speaker of this year's eWEEK to introduce you to do to Jeff Spence. Jeff.

Jeff Spence: How cool is that. Hey, thank you very much I appreciate it. Is this like crazy loud?

Audience Members: No.

Jeff Spence: Okay, alright good. First off I'll say, everything he said is technically true it's just kind of a little out of context. I'm just older now so you just have things happen to you and so you know when you've run 11 companies it means that none of them were lifelong lifestyle businesses. And the other thing I want to say really quickly is first it's a accolade I think that universities like these don't get all the times. I've spoken at tons of entrepreneurial seminars and I've keynoted entrepreneur events and you would not believe how many. And I didn't mention to this to Peter earlier but you would not believe how many of those are first annuals, inaugural events. And they never happen again, right? So this event happens, it goes away nothing happens again and it is really a statement, it's a testament of the commitment from the University, from the staff that this is not the first one this is actually getting better and better as it goes. And so I'm very impressed by what everybody has done top to bottom from the Dean to everybody else, the administrative staff, this is a professional event. And I had the honor of speaking at cool places, like you know, the UN and I've not been treated as well in lots of the places like I was here. And Fallon, and the rest, everybody else putting this up together, just a phenomenal job really. So please just recognize that the staff around this organization, around this event has done an incredible, incredible amount of work.

I think there's a couple things that I want to kind of set the stage and I had three requests from different people today to tell the same story. So I wasn't planning on doing it but I'll do it anyways. But it is, I think that the, some of the physics guys heard it before so I apologize in advance for this. But it's, I think it's a decent statement of entrepreneurialism and maybe it's a good description of who I am and why I've gotten in so much trouble in my life. I did come to Chico and I was intercollegiate athlete and I did get degrees in Electrical Engineering and Physics. I'm not saying that I was great in any of those things and I have some professors in this room that I wish, hope they don't chime in. But probably if you pull them out and asked them individually they would say "He was not my brightest student". I think one of the terms that stuck with me, I've used it with my son quite a bit is, I tried really hard, I tried really hard and the terminology that Dr. Buchholtz made was "I applaud you for your perseverance but", what he is saying is like in the South they say, "Bless your heart," right, that's a really nice try, how cute giving that a good shot. But I think the one thing that would kind of define a little bit about entrepreneurialism is really a focus on a goal. And you, I think a lot of times we think about what am I going to go do, am I going to go start a new business, am I going to start several business, am I a super big risk taker, whatever it might be. Those things are just things, there not, I don't think there's a definition. I'll come back in second to that

better definition.

There's a quick story, I'll make it as quick as I can. We were, it was a day like today except for a lot colder. It was probably 70° outside it was October, November maybe and we decided what a beautiful day we're racing around on a motorcycle. And back then there was no helmet law in Georgia, in California so we're probably the year before the helmet law came out. So we had because we were on a college budget we had one helmet for the motorcycle and we got at the Army-Navy store and it was completely bashed up and it was all dead so we took bondo, we filled it all in. And then we painted it, but we couldn't get the face to look good and so the only way to kind of hide all the damage to the front was to put big huge red lips. So it had big huge red lips in the front of this thing. And so riding around the guy in the front would wear the helmet, they guy in the back wouldn't wear the helmet. We decide what a great day let's go to Lake Tahoe, so we got friend who's got a cabin in Lake Tahoe and so we decide hell or high water, we're getting to Lake Tahoe. So we cancel everything we need to do, it's on a Thursday or something, I don't think we had class on Friday Dr. Buchholtz I think it was Tuesday, Thursday and I finished your class at home, problem sets were all done. So we decide we've got to get there, we need money for gas, we needed money for food, and whatever it may be. So we ran back to the apartment, we grabbed all our stuff, all the necessities, get everything you need in a big backpack and shove it all in there. We hop on a motorcycle and we take off. So we're going, the guy in front black helmet, big red lips, the guy in the back with nothing and we're heading to Tahoe. It's beautiful outside, it's probably 75, a little chilly but not bad. So I should probably say that we're both wearing shorts and T-shirt and so we're driving and our backpacks on us and we're taking off and we decide to stop at the Roundtable Pizza in Grass Valley. We go in there, eat, kind of lose track of time couldn't imagine that, college students losing track of time at a pizza parlor. We walk outside and the sun is now gone down, the sun has gone over the pine trees and it's down it's all shady but thinking we've got it, we've got to get to Tahoe, we must get there somehow. So we get on the road and we take off, and as soon as we take off you leave Grass Valley and it's just you make a turn and you see the snowdrifts begin to build up. And we're driving up and we're racing up the hill and snow is building up more and more, and we're cold, kind of chilly. And we're going and we kept switching the driver, kind of get off and switch because they guy in the front is just getting killed and so you're going back and forth. And so we switch and switch and switch and keep going up, keep going up, and the snow is getting higher and higher and higher and we're driving up there and finally we say okay forget this we've got to put clothes on. So we get off, take the backpack off and get inside there. We had one pair of socks, we had a pair of sweatpants, and we had like goggles or something like that, that was about it. So if you fast forward a little bit, the rider had the helmet, red lips, backpack on backwards for the chest protector for the wind because it was just horrible and there's nothing. And the guy, and you also had to have socks on your hands because you were so cold you couldn't apply the brakes, you couldn't use a clutch, you couldn't do anything. And I'll say you really had to use the clutch a lot because see this was a 19, this is part of the story you probably should know it was a 1975 Suzuki 250, okay. And it was slow at sea level, but now you're trying to make your way over Donner's Summit in this thing and it is, these hills were going up and your riding and you're just yeah downshift, and do downshift. And your helmet is on, your backpack is

on your chest, socks on your hands, you're so frozen, your toes are frozen, you can't even feel, you think you're shifting, you think you're doing stuff but you don't know, you don't care and the guy in the back is just [Inaudible] sitting on his hands. And so we're riding and you realize the guy in the back though, you turn this way and every piece of fluid they can come out your face everything is just frozen, it's just totally frozen and so you turn this way and it's just frozen so you look like Mr. Freeze. You really have your hair sticking up, I used to have hair, I had hair, and but it was just frozen back the entire way. And we keep switching, keep switching and you'd see cars would come by vroom they would go by us and then they would slow back down and they would kind of look what are you doing, we are going up that grade and we're going like 25 miles an hour. The downgrades you could be really going fast, you're thinking just get us there, just us there, we have to get there. So we stop, there's like a little motel, no, no they charge like 40 bucks a night for hotel we can't do that so keep going, keep going. So we're so frozen going over this hill and we get down to, we finally get to Truckee and there's an I don't know if it's still there but it's an A frame coffee shop that's there. We pull off, we got to go get some coffee and we get off, well realize that you get off this bike and your knees are frozen, you're basic like a frozen cadaver, right. Your hands like this, your knees and so you all you can do is kind of walk like this and your hands are way too cold now to take the helmet off, you can't take the helmet off. So you walk in the coffee shop, they must go, it was like the whole Western canteen. Everybody looks over at us like what in the hell is that, it's because the hair is frozen back. Well the punchline was, fast-forward, you can fast-forward 20 years I guess, I'm at a flight from Atlanta to Phoenix. And I'm sitting next to a guy and we're talking, kind of just exchanging comments and whatnot, this is what I do, what do you do, well I'm a writer, what do you write for, we kind of go back and forth. Well it just so happens that he was a co-writer on a movie called Dumb and Dumber and with the Farrelly brothers. And so I had asked I said there's a scene in Dumb and Dumber where these guys are going up over the Rocky Mountains in a moped and he's laughing he goes yeah, yeah, yeah. I said what was the motivation behind that and he goes man this, Peter one of the brothers was going over the hill he says he called from Tahoe to say you will not believe what I just saw, we've got to put that in the movie, in the middle of the movie. So they actually injected that piece just because, so the whole thing about them going to Aspen was based on me and my idiot friend Andy going over the Sierra Nevada's.

So I'm kind of a part of pop culture, I mean it's pretty famous thing. I mean you know there's, to be on the Wikipedia it's going to say alumnus is going to say here's Jeff Spence you know moron on moped going up the Sierra Nevada's. So but the reason I tell this story, one is because it's kind of just more therapy for me, but the other one is you think about what we did and we got to Tahoe, the interesting thing we got to Tahoe, all that pain was over. There was no more lingering pain, there's nothing else, and if you would of asked us like 10 mins later wow what was that like, you go I don't know it's fine we're here I'm warm now, I'm good to go, I'm in Tahoe. Well from an entrepreneur perspective you really look at this and you say here were two guys who had one goal, the one goal was I'm getting my butt to Tahoe, that's what I'm doing, I must, I must get to Tahoe. And we were going to do it, we might've died on Interstate 80 on the way over Donner's Summit, we had Volkswagen buses passing us going over that road. But we, but the whole thing was an absolute focus on one thing, we're getting there. And all that

pain and all that stuff that went with it really didn't matter, ultimately it didn't matter. Now if you take someone, take a normal human right and they say "Hey what do you want to do", "I want to go to Tahoe, well I don't have a ride, I don't have the necessary resources, I don't have a ride to get there", well they wouldn't have gone. We went, I didn't know I think it takes several years later, it was introspection I didn't know why we went or how I was wired to go do that but reality was I was wired for being singly focused at a certain goal, and my whole life has been that way. Now my wife would probably say that is not always a great thing but it is absolutely baked into me.

What I talk today a little bit about is what's that like and what kind of things you go through, there's a lot of questions. I got the chance today by the way to talk to a good number of you guys individually which has been fantastic for me. And I think it is important to take a couple seconds and define for you what an entrepreneur actually is. And you know I'm not a huge fan of quoting guys from Harvard but I think there's one thing that I actually love that's come from Harvard and a lot of you entrepreneur guys will know this quote. But Howard Stevenson wrote back and I think it was early 80s that "Entrepreneurialism is the pursuit of opportunity without regard to resources currently controlled". Seems pretty simple, a lot of words, we're in sixth grade we diagram that sentence and we say it's the pursuit of opportunity, it's not the interest in an opportunity, it's not the fact that I enjoy a certain opportunity, or I want to get paid or whatever it might be. It's a pursuit, it's an action that's an action verb, you are leaning forward, your posture is all about going after this thing. I'm pursuing an opportunity and you got to kind of just let that kind of sink in for a second. How many of you guys really day in and day out are pursuing an opportunity? Not thinking about it, not drafting business models, not talking to people about ways to talk you out of it. How many of you guys are deciding you're pursuing an opportunity? Second part of that statement is actually even more impressive and it really says without regard to resources currently controlled. So it is saying is of all the resources that I might control, I could be poor, I could be rich, I could be part of a company that has no resource, I could be part of IBM, it doesn't matter without regard. Regardless of what resources you might have, I'm going to pursue this opportunity. And if you think about the two idiots on the moped going over the Suzuki going over, going up the Sierras we didn't have the right resources to get over there, it didn't matter, we're going to make it, we're going go. And the risk is going to be horribly painful but we're going get there and you know our cost per dollars is probably pretty low compared to some but we got there, our cost per mile. So for us it was again an absolute focus on those things. And so for me I think I want to look at again without regard to resources currently controlled I take a step further because what are resources you currently control. We talk about I got capital and I've got human resources and I've got all these things but some of the other resources we have are knowledge, right. Those are resources, I got laws of physics, I got laws of economics, I got all these things and knowing these things, having all these things, those are resources.

Well what happens with entrepreneurs it's good and it's bad is the pursuit of an opportunity without regard to resources currently controlled. Which means that often times it's a statement of the suspension of belief. I'm going to take all the punditry and no fence because we have great academic faculty here, they're teaching us all this

great stuff but if I'm really going to truly pursue this opportunity without regard of those things. Sometimes I got to say, hey listen that's great information, I'm still moving on, I'm still going to chase this thing, I'm still going to go after it. I think a couple of the sessions we had today, the people asking very specific questions about what should I do next and I think I told you, I'm not telling you. What's the opportunity? Chase the opportunity, truth will come out of that, you'll figure out where you need to go, keep chasing that opportunity. I can sit here and I can give you all the reasons why it does or doesn't work and the older you get and the more tired you get the more reasons you want to go and kind of grasp reality. Because what reality is, is a reason not to go do something. I want to go and associate myself, wow man I don't know you know the tax structure in Singapore is not as good as it used to be and well this country is not sovereign I don't want to do that. Travel is kind of a trouble so I like to ignore all of those things, just get rid of them and move on.

So living life as an entrepreneur is really about that pursuit but it goes through this weird cycle and in my cycle is going to be different than yours. But it's probably going to have the same components to it and you know mine was always failure, enlightenment, right and there was kind of this engagement or a sense of I've got control of what's going on, and then it was frustration. It's always the same cycle, always started high and I guess started low went high and then low again, and my whole life has been that way. No I think ultimately I stepped up as I've gone but it really works like this, you know the failure piece always comes first and it's okay. And if I, if there's one thing that I want people in here to understand, no one really cares when you fail, nobody does, no one remembers it. No offense to you guys no one really pays attention to you, that's a sad truth but if I go fail in six businesses in a row how many of you guys care anybody? Raise your hand if you really care. Peter thank you. But the reality is nobody does and so I don't worry about you guys caring, I don't worry about anybody caring. I'm just going to go chase after things but that failure is going to be very important thing. You know we had, but I can't help people kind of change my ideas about stuff, we took a technology business to Silicon Valley back in 2004ish time frame, many years ago. Went and saw the VC's and we went in with this great idea and every VC we went to said "Well I like it but here are the things that are just not doable in this business plan that you have". Are plan was good, our idea was good and so we said okay, let's revamp this thing, its good points. We did and we went back, we rushed back as fast as we could kind of jerry-rig this thing, fixed the stuff up ran back to them and presented it quickly. What do you think they said?

Audience Member: [Inaudible]

Jeff Spence: No, they said no. So more guys plugged in, go do this, go do that, fix these things, and we took those things, we ran back out, fixed it up really quickly, and then ran back. And what do you think they said? They said no. And we ran back again, took more stuff, more advice, shoved that all in there, fixed the plan and ran back. What do you think they said? No. So finally we said this is horrible, this is a horrible experience. I hate failing like this. So we finally took the time, planned all this out, took all their advice at one time, broke it all down, took our original plan, our original vision for a business and took all of their advice and went through carefully plotted it out, took

the time to put a real sales presentation together, get the legal stuff done, plan the meeting within way ahead of time. Okay we finally got the model we're finally, we are now for the first time prepared to go in there finally. So I finally go in there and what do you think they said? No. Still don't like it. And the reality was this, our plan was fine the way it was, our plan was fine. We were talking to the wrong guys, there's tons of people out there and because they don't want to say no they're going to tell you something other than no. Fix this, right okay so we got out and we fix it, we race around in circles, we fix it. The entire time we are creating a model that's not worth investing in, we took something that had extremely high reward and it was risky and everybody was just carving off this risk profile to the point where it was just kind of, it was like owning a drycleaner's. They shouldn't invest in it, it's crap, I didn't like it, I wouldn't invest in it and I'm pitching it. And so for us what we realized was we have to stick to what we were doing, stick to our vision. Within no joke, within 30 days we rubbed our pennies together got in a plane flew to Europe and we sold that business in 30 days to a big conglomerate in Europe with the original business plan, the original business model and disregard every bit of information bit of we got from Silicon Valley. Because we went in finally understanding that our pitch, our vision, the direction we were going, what we're doing was actually the one that was interesting. We found the right guys, we found the people who were interested in doing this with us. And that was again stacked up failure after failure after failure, if I would of realized I'm not in the business of doing what you guys, all you smart guys want to tell me what I should do, I'm not in that business. We had that conversation today didn't we? Okay, I have a vision, I know where I'm going with this thing and I'm going to fail, let me fail, let me fail.

So as an entrepreneur my advice, and I'm telling you this is what I've gone through is I love talking to everybody and then summarily discounting everything you guys tell me. So I do. And there's great information, there's great information but you will know it, if there's good information you didn't see that's a good point. But you begin to try to dissuade me from where I'm going, we aren't having this conversation. So a lot of this, your parents always tell you this right, your parent's say you should be with a more positive group, must meet other people. You realize who the entrepreneurs hang out with, they hang out with other crazy entrepreneurs because they are the only other guys that don't have any anchor in reality. So there not going to tell you what you're doing is wrong, but they're going to tell you anything else, you're not swinging fast enough or hard enough. There's you know, you can hit a ball out farther than your swinging right, now. So what I'm saying is that those failures have led to this enlightenment phase I talked about where you say you know what the entire Silicon Valley investment base told us what we were doing was wrong. And we defied the laws of economics and sold a business, it's kind of emboldening, right I think this is good. I want something bigger now, you get hungry. I want to go, I want to go do this again immediately and you do, you race off there and do it again. And the drive for that really is you getting a better feel or the better understanding of yourself and your ability to align yourself with guys around you who are kindred spirits. And it doesn't mean I'm ignoring attorneys, it doesn't mean, well it does mean that I'm ignoring attorneys, other people, smart guys. It doesn't mean that you're summarily ignoring them. But you're really saying is I'm not holding up anybody in this planet as an expert, nobody is, I'm not. [Inaudible] students today I think I told all of you guys, I'm not an expert in anything that you guys want to go, and I'll

guarantee you if you are shooting for something you're probably shooting too low because you're likely to fail one or two times. I'd rather fail aiming high than fail aiming low.

But there was a stage of enlightenment where I actually can control what's going on around me, have defied the laws of physics, kind of like a superhero a little bit right, you can fly. So that's what we started doing and so I had this enlightenment phase, you have this phase of a kind of massive engagement where I want to go out and I want to change things now. And pretty soon business after business after business you're doing the same thing, you're surrounding yourself with those guys, and that's an important thing. And you look around this room, it's not just saying over here are the students, you guys are the entrepreneurs. It's everywhere, it's everybody in here. You got physics faculty here today that want to completely reshape and revamp how physics is financed going forward in the future, so entrepreneurship. You got business faculty who want to build new buildings and want to go and build new programs and become something in the kind of echelons of business schools nationwide, its entrepreneurship. So this is not reserved for 18 to 22-year-old people who are wearing flip-flops and hoodies and want to play foosball at work. That's not entrepreneurship. Everybody in this room I think at some point wants to be a part of that, wants to be you know got that driving force. So there is engagement, engagement piece where you start going and going and going and you're pouring all this energy every single time. It is again hell or high water, we are going to get there, we're going to make this thing work, and you're pumping so much energy and so many resources in doing these things.

The frustration part comes and we'll get there and that you're never sat, as soon as you win something you're never satisfied with what you've had, you're always frustrated that I could've picked a bigger target. If I was successful doing this I could've been really successful, not meaning monetary, I could've solved bigger problems doing something bigger. I've never been, I've never been disappointed because a business failed, I've been more disappointed in my successes where I've said you know what I shot to low. We solved this problem for Denmark, could've been great to do all Scandinavia that would've been really cool. Same amount of effort, same amount of work, same amount of thought went into, and we just shot to low, we should've done something more impressive, we should've really, really gone after this thing and we didn't. That's one of the big challenges.

You know one of things we, again I go to these university events like this or you go to incubators or the summits on entrepreneurialism and some of things always get thrown out, you heard these things before, you've seen this list. What do Michael Dell, Bill Gates, Steve Jobs, Larry Ellison, Evan Williams from Twitter what do they all have in common? Anybody?

Audience Member: No degree.

Jeff Spence: No degree, they all dropped out of college. And these events really hold these things up as being indictments of the university system, and maybe they're right because why would all these guys leave. But what's interesting about this and I think it's

very, very germane for this conversation is, it's like statistics, there's, I can spend however you want to look at it. So what did Michael Dell and Bill Gates and Steve Jobs and Evan Williams and Larry Ellison all these guys have in common? Where were they when they started their businesses?

Audience Member: In College.

Jeff Spence: They were all in college, 100% of them. And there's a reason for that, and I believe it wholeheartedly, I think that this is still, I don't care what's going on incubator set worldwide and I've seen them all, I really have. I've had the opportunity to travel and see all these incubators. This is still the greatest source, these types of environments the greatest source for entrepreneurship, bar none and on, period, close the door, that's it, end of discussion. And there's a reason for that. Go back to my discussion, my point back to the definition of the entrepreneur, pursuing an opportunity without regard to resources currently controlled. What are incubators brilliant at? Providing you with a requisite resources to go solve this problem. So how are you solving your problem now, are you being creative about how you are going to do this? No. Hey come to my incubator, I'll give you \$50,000, I'll give you this piece of machinery here to lathe your new product, I'll give you this sales guy. What they really just did, and they took your entire universe of opportunities and they shunted them down to nothing. They said whatever you do is all great, it's all you as long as it cost \$50,000. Whatever you build is all you, be as creative as you want to as long as we can build on this lathe and go and sell this product where ever you want to sell it as long as it fits within the existing relationships of this sales guy. How creative are you going to be? Does not sound like a very creative environment at all. People are flocking, flocking to these incubators because they have money, because of money. It's the worst thing in the world for you sometimes, these types of environments are phenomenal because who cares, no offense to people in this room. But we've talked to a lot of guys who were starting a business here, let's say it fails tomorrow, how many of you does your life materially change if your business fails tomorrow? Nobody, nobody. How creative can you be about your business when you know you have absolutely no negative impact when your business fails? You are eminently creative, right?

So my question knows this if I said I got a big huge wheel up here, it's a big huge spinning wheel, and I said I want you to spin the wheel. If it lands on red your business is successful, if it lands on black then your business fails, 50/50, okay. And I'm spinning that wheel which is what we were doing that now in the college environment, we all agree that's exactly what we're doing. We're saying if lands, if you do this correctly you'll be successful, if it's not done correctly you're going to fail, right? Spin the wheel. Would you guys try to build a drycleaners or you'll try to build the next world beater business? Anybody?

Audience Member: World beater.

Jeff Spence: Why would you build anything less than that? I'm telling you that if you land on red you win. Why would you choose something low? You have no risk right now, you have no cost basis in what you're doing, there is nothing here. You go to an

incubator, you sold out, I've left college. I'm now at an incubator. I got competitors my left and right, here's the money, if I don't get this thing right I'm a failure my first time out in the real world I fail. Might make a sound, at least personally it might make a sound. You will build your business around those resources they give you I guarantee you that's what's going to happen, I've seen it all over the place. Facebook, Twitter, Uber, Microsoft, Dell, all these things respond in a university environment because there was no risk of failure period that was it. That's why it's important because none of you guys know what you're doing, no offense. The reason I know that is because I've been doing this for 25 years, I don't know what I'm doing, I don't. We're all making this up as we go. You know I've used these stats before and it's important for you guys to get this before you start looking at experts. You guys are just as capable in this room to build a business as anybody you read in the Wall Street Journal or in the New York Times or the San Jose Mercury News. I know these guys. Yeah they talk better after their business goes public because they are trained to do so, and they drive a cooler car, and they got a swag to them. They're you, they're you, there is no difference between you and them, there's not. From an intellectual standpoint you're there, matter of fact I think this is a better sales organizations, it's got a better personality set than most universities have nationwide. Chico State absolutely kills in that space. So I've seen these, all these guys have built these businesses, you guys can build these businesses. And so that frustration that I had would be what? I spin that wheel and it lands on red and I win, but I was building the drycleaners. Doesn't make any sense. I've been frustrated by that several times in my life. So what Peter said to start this thing out is so important, don't shoot here, it's not going to change the world. That's going to change the world, you got to do something that's extraordinary, do it, make it big, make it incredible, blow the doors off things, it has to happen here. It can't happen here, right? It doesn't make any sense. The statistics work against you, this bad odds, you're rolling roulette, your money is on green, it means the odds are against you, that thing is going to be successful anyways. Don't just get your money back when it lands on green, okay, make sure this thing is a big boom that's what's super, super important to get going.

You know I think there's Plato in The Republic, and wrote Socrates it said that an unexamined life is not worth living. And so I look back, [cough] excuse me, when I look back at my life what's interesting is it was so easy to say, and that's why I laugh when Peter goes invested in 11 businesses, run 11 business, invested in 45, yeah all that is true and I've had I think from my standpoint I have a great success, I'm super happy. But I cringe a bit when I'm with you guys and you look at me like I have all the answers because I know that when I walk away you're going to look at the next joker who comes in here as if he has all the answers, we don't. If I had all the answers I'd be worth \$1 trillion, I'm not joking, it be easy, it be easy, the great [inaudible] picker in the world will land 50.005% of the market. Can you get any better than that? You would blow the doors off the market. You, the odds are against you. Remember all these super smart VCs with their, that the whole, just armies full of analysts and guys from Harvard and guys from Wharton School of Business and all these great guys. Out of 100 hundred businesses that they invest into a given year how many of those businesses will become great successes? I gave the number to some of you guys earlier today. On average 2, 2 of them will be great successes. A total of 12 on average will actually post a profit at any one time. So 88 of them did what? And you want to go to them and ask

their advice on how to run your business? It doesn't make any sense. The reason that they're doing that is because they had this copious amounts of cash in a place in lots of bets, not because they're smarter than you guys are. So if you're leaving here today and there's anything that you guys take out of here, anything it's that we're spinning this wheel. We're spinning this wheel and you got to go for it, just focus on that one thing, live that one thing, pursue that opportunity, make it the biggest opportunity that you can wrap your arms around and go drive it.

And by the way if you get there in six months, awesome. If you get there in six years, awesome. If you get there in 60 years you spent your life chasing a worthy cause, I don't think it's a bad thing. There's a lot of things right now in my life that I'm still chasing, that I thought of first when I was a student here 20 years ago, I'm still chasing them now. I might be chasing them when I'm 80, I don't know, and they're still worthy, they're still something I'm passionate about. So don't worry about those things but just focus and chase after these things. I think there's, and they think the last thing I would say is and, and I've changed by the way. I told Peter before I walked in here, after talking to everybody in these classes today I completely changed what I wanted to say because I saw this, I don't want to use the words, impotent, but the sense of defeatism with a lot of the kids. And not that way you carry yourself that way but it's, I don't have the answer to this, I don't know the answer to this, I am afraid to go do something. And if there's anything I could tell you is you know as much as the next guy, plain and simple, which means sorry about layering this on top you guys, if you don't go out and focus on something and execute, do what you want to do and live the life that you want to live, it's your fault because there is no super skills out there. So if you see somebody else who's living their life they want to live and they're being an entrepreneur and they're going between jobs and their great work, you know work life balance, and they're accomplishing all the things they want to do, suck it up. They did what you didn't do, that's it, plain and simple. They just did what you guys refuse to do, you guys focused in on issues, you guys focused in on problems and you allowed the experts, the pundits, the hanger-on's to tell you that you can't do it. And this is now a rah-rah kind of, this is not a motivational speech, what it is saying is I have absolutely no skills that you don't have. All of my friends who are some of guys who are wickedly successful have none of the talent from the people that I talked to today in these classes. When they were your age, like I said earlier they were chewing on crayons and they were shoving things in their nose. It's remarkable what I see here and so I've completely change, again I told Peter, he really changed what I wanted to say because I want to make sure that you leave here understanding, you have no air cover now. There's absolutely no excuse whatsoever for any of you guys to not do what you want to go do. It's not going to end up like you want it to, it will be better or it will be worse, it doesn't matter but there's zero, zero excuse to not go do it. And if I come back two years from now and you say the same thing well what I do with my plan and what is this a good idea, I'm just going to roll my eyes and say just go do something else. Just, this is not for you. You've got to make a decision to go do those things and I'm not saying by the way, quit your job live out of a van, mortgage or future, and go become some crazy entrepreneur. What I'm saying though is if there's anything in your life that you absolutely have a passion about or have a vision, any opportunity you want to go after focus 1000% of your effort around that one thing. Be the best at one thing, know that one thing, drive that one thing and

amazingly so if you can forget all of the experts like me, all the guys that know the laws of physics like these guys over here, if you can forget us entirely your universal kind of a line around you, and pretty soon you will soon be around people who are focused like you on your one thing. It's going to come true, it will absolutely work, it will work out differently. You think you're building like a boat leasing company and now you're selling like you know aerospace equipment, whatever. But the answer is it's your deal.

So that's again, it's an odd presentation because I changed on the way over to Tres Hombres to have a beer what I was going to say to you guys but I think that's it. Maybe there's anything that you guys can take out of this thing it's that. Can I say get off your ass? Is that like an okay thing to say in a presentation like this? I won't say this, it's not appropriate to say, I won't say ass. It's really, really important that you guys understand as you walk back out these doors your buck naked as far as excuses. There's nothing, there's nothing propping you guys up anymore. Does that make sense? So please thank, thank you very much for having me as the strangest keynote you ever heard in your life. But I really appreciate you having me here.

Audience Applause

Peter Strauss: So we got any questions for Jeff? Yes sir.

Audience Member: So question when you're looking for problems to solve or obstacles [Inaudible], I'm curious about [Inaudible] find [Inaudible].

Jeff Spence: To me it's just gaps, I look for any kind of opportunity that's out there and I'm looking at everything, my eyes are wide open. And it's a lot like for instance if you were to walk a police officer through here front to back and bring them back out, and you walk a fireman through here front to back and walk him back out. And ask the police officer and the fireman what they saw on there. Police officer would say I think that one guy is packing, and that guy had a jacket and it's June and he shouldn't have a jacket in June and this guy over here, there was a crazy looking guy that wouldn't look me in the eyes, he's a little crazy. The firemen goes too many people in the room, the fire escapes have a chair in front of it. Same room, they see different things. And so for me I kind of go through life always thinking it's an opportunity, it's an opportunity. There's a way to make money, this is a way to change this, there's a way to do this. Its change that's a drastically from making money into other things. I want to see things happen now, I want to see businesses grow. So I look for those opportunities but I don't go out and say okay I have nothing to do right now let me go solve this problem. I'm really just looking at the world of all kinds, I look at everything and say what's coming to me, is there anything here that's of interest to me. I'm also now not the originator of most of my ideas, most of the things have come now from people who've come to me and say, "Hey, I I got this opportunity". So I, you know, fast-forward your life 20 years and you're going to say people bringing things to you to.

Audience Member: So when let's say you were younger you were actually pursuing or fighting for these things, do you have any examples of how like what clicked in your mind when [Inaudible].

Jeff Spence: There wasn't a whole lot of clicking in my mind when I was your age. Most of my stuff was much more Forrest Gumpish, it was really me being in the right place at the right time, or the wrong place at the wrong time. So most of the opportunities were thrust upon me. So I love to say I had this grand vision I had to get into entrepreneurialism and this is my design on life, it wasn't. I mean I really wasn't the architect of it. My personality was just one where I refused to say no, I refused to, refused to drop anything. I was just, I was like a pitbull on something, I would get in there and that was it. That's what I wanted to do. That's why I did electrical engineering and physics frankly because of that. So I was invited into opportunities that I became passionate about and I raced after 100 miles an hour, and I was successful in some, failed in others but that's how I got into it.

Peter Strauss: So that's a question I think you find a way and by the way in my first class today Jeff made a point of saying that he and I both use the term guys. That's the California terminology that means males and females, okay. We are not in any way shape or form discriminating against females here.

But one thing that I think a lot of folks you students are worried about is that you don't have the idea. And so Jeff I think it would be interesting to talk about how you go about finding a team and what you look for in cofounders and people to join an organization to make an idea grow or go and grow.

Jeff Spence: It's a great point, and you weren't even in the meeting so that was actually interesting set up. Today we met with some, you were in the meeting earlier and I was asked what was my greatest failure and what I learned from that. And I said my greatest failure was actually a successful business, it was just not as successful as I wanted it to be and the reason was I made it my business. It was my business, I had employees, I had people who worked for me but it was my business. So the brain trust, they were my employees they're not contributing to this thing going forward which means the business is only going to be as good as what's in my head. And I'll tell you, you don't want to know what's in my head so this business was mediocre at best. And I realized to I was losing talent, why am I losing talent, because they weren't part of this thing, they weren't helping architect this. So what happens most often is I typically take something, like a lawn dart right, you throw this thing way out there, I want to go there. How cool would the world be if we could solve that problem? And how many people can we employ if we solve that problem? Eradicating water bottles or whatever it might be, [inaudible] way out there and I begin to invite people into this, I'm saying "Hey you see this, do you get that, do you get what the world would be like if we solve this problem". Some people go I don't get it, seems like a lawn dart and it's a lot of grass between here and there and it's kind of push them out. Okay, next. You got a chain, you pull it and they just go ahh, they fall and you get next person in. And you keep selling people on that idea and pretty soon you have people around you who are kind of clicking with you and they see and I get it, they go I get it Jeff. But you're kind of a halfwit that is not the opportunity, the opportunity is this and I go yes it is, that's exactly what the opportunity is. And I begin to buy into their vision of what's going on, I don't care whose vision it was, that's no, I got the benefit of them now wrapped up with, with my thoughts, I flew it out there, it made

sense, they came in. Now we got the next person, the idea is far better, grab the next person the opportunity is even better and it's getting bigger and the bigger the opportunity there is, the bigger, the more equity there is to share amongst the people. More people we can bring in, the more people we bring in who have equity and ownership means the more benefit or the greater benefit we have of seeing them and getting their brain wrapped around what we're doing which means the opportunity gets bigger. So a lot of times we think perfect business, perfect opportunity, perfect, perfect, perfect, perfect, sound familiar? But it's just about taking it its going, throw it out there because as soon as I start going on that track and I invite people in, that opportunity changes and it changes quickly. And the better people you have in, the better people you trust, more importantly people who aren't going to inject laws of physics and the laws of economics into this stuff then the better off we're going to be, the opportunity gets bigger and bigger. And so a lot of these things that we sold that were great opportunities and big businesses or some of the greatest financial successes and what, and they go oh Jeff is the founder, and I go yeah I almost dropped the [Inaudible] on my toe, it was like right there. And all the smart guys came in and kept putting out there farther and farther and farther and farther bigger visions, better markets, better opportunities that's where that thing grew into because we brought everybody in. And that's where if you talk about, if there's any maturity anything that I can impart upon you guys is for you to understand that you're not that smart either. The team, the guys around you are what are going to make you guys remarkable, remarkably smart. You have Mark Zuckerberg he's the average Joe, his roommates wrote the software, right. Steve Jobs seems pretty geeky and whatnot except for Wozniak wrote it and other guys around him would prop this thing up and built it. So all these things are, if you find every great entrepreneur is an amazing team of people who bought into that vision and that's how it keeps getting bigger and bigger.

Peter Strauss: Any other questions? C'mon, yeah Cody.

Audience Member: I guess what do you look for to figure out like if you think something is going to be successful, you get like a lot of ideas but how do you decide like out of all those ideas what to pursue?

Jeff Spence: You're going to think this is crazy when I say it, enthusiasm. It really is, its enthusiasm. I'm quickly enthusiastic about a lot of things that's maybe not worth investing into. But if I take an idea, if you brought me an idea and I go wow that's awesome and I turn to someone I trust and I go Peter isn't this great, he goes that's insane. And I go okay, I'm going to go, and I'm going to go to three or four other guys but if I can't find anybody who's bought into this thing, I'm going to come back to you and say I'm not in. Because now I kind of tested the waters, I know because of my past experience, I can't make that great. I'm a limited resource. I can't make that great. So if I know that I can't also bring people into this thing to make it a great opportunity, I don't care what it is, it might be making jellybeans or your skydiving company, it doesn't matter what it is I immediately take it around me and start showing people. And if people all jump in and go that's awesome and most of the time they take it and they go Jeff the paper is upside down, right. Yes that's the one I want. If they all get enthusiastic about it then we're onto something, we can go build a real business. Does that make sense?

Audience Member: Yeah.

Jeff Spence: So if you want to say well it has to have this kind of earnings, and this kind of technology it has to do, that doesn't matter to me. Just smart people, can they buy the vision, can they get enthusiastic about it.

Audience Member: [Inaudible]

Jeff Spence: What's that?

Audience Member: [Inaudible]

Jeff Spence: It could be.

Peter Strauss: Anybody else? Any questions? Yes, Emma.

Audience Member: [Inaudible]

Jeff Spence: I don't think that incubators are flawed, I think incubators are injected at the wrong time in the process, that's what I think. I think incubators are tremendous as soon as the direction, the vision, everything about that business is kind of [inaudible] and you said okay now I know exactly what's going on operationally, technically, I've got a little bit of the team in place, I got all these things. And now I can define, I can actually hunt out the incubator based on the resources that I know I need not based on the ones that they have. And that's, I know it sounds like a subtle difference but it's enormously different because as soon as I go in there and they are making resources available that I got of kind of I gotta adapt to my business is no longer my business. And so I don't want to say that incubators don't have a purpose, I think they got a tremendous purpose. I think that they're phenomenal launching places for good, for small businesses. But it's important for the entrepreneurs that come in, those business leaders to have already defined what resources they need and then decide between incubators. So remember incubator is no better than VC's, they're not going to snap their fingers and make your business successful, only you're going to make it successful. And only if you're fired up about the vision is it going to be successful, so as soon as you go there if the vision shifts you're also looking for a new job now. You're kind of, you're, one eye is over here and one eye is over here, it's no longer your baby. So I think that incubators can exist exactly as they do just push them back a little bit in the kind of the lifecycle of the business build.

Peter Strauss: Okay thanks Jeff, thanks again.

Audience Applause