

Unconventional Startups

A Quest for understanding the creation of value

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Overview

- ❖ 1: My background: How to make a living selling free software
- ❖ 2: Understanding money by contemplating value
- ❖ 3: Spiral Economics: Entrepreneurs and Opportunities
- ❖ 4: Spiral Economics: A view our Political and Economic issues

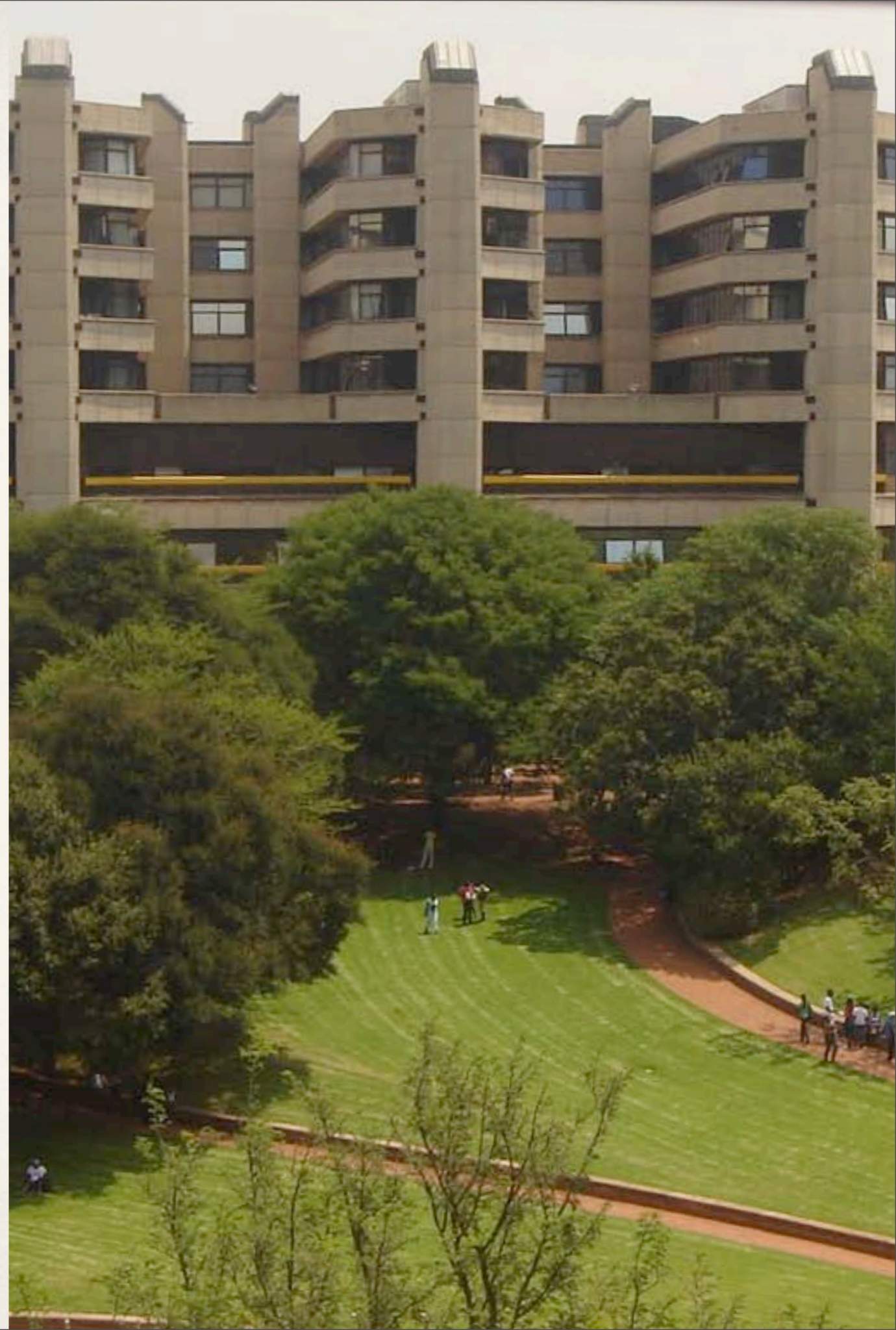
How to make a living selling Free Software

Engineering @ RAU

- ❖ The most important thing I learned studying Engineering:

If think about something long and hard enough, you can solve anything from first principles.

- ❖ Discovered Linux 1993
- ❖ The Mintek DNS server
- ❖ The birth of an Open Source Entrepreneur



Obsidian Systems

Est. 1995



- * Linux evangelism masquerading as a company
- * Cooperation not competition: LPA
- * Hire for attitude and intelligence, you can teach the skill later.
- * Profit to a company is like breathing to a person. If you stop, you die. However if you say they purpose of your life is to breathe, you're missing the point. — Peter Senge

Venture Capital

- ❖ 1998: VC is the new black
- ❖ Paradigm clash
- ❖ 1999: Contracts and clawbacks
- ❖ 2001: Sale, butting heads, standing back and learning how capitalism works
- ❖ 2006: Round the world trip and reflection, change of direction
- ❖ The fundamental question: What do you optimise for?



Telamenta Est. 2007

- * Exercise in Lifestyle design, criteria:
 - * Align our work interests with our values
 - * Work from home or anywhere in the world
 - * Do what we believe in: Good karma projects
 - * Working for commission, not salaries
 - * Flexible working hours
 - * Personal responsibility, rather than command & control structures
- * Be able to keep involvement with other projects like Obsidian
- * Ideas from Ricardo Semler's "Maverick" and "Seven day weekend"



Telamenta Progress

- ❖ 4 years of building Beautiful, Functional Web Applications
- ❖ Telamenta remuneration model:
 - ❖ 20% Sale & Account Management
 - ❖ 50% Implementation
 - ❖ 30% Telamenta shared expenses and growth
- ❖ Challenge: Move from selling time to selling product without using Venture Capital
- ❖ openaxyz: Strategy to Execution
- ❖ The Telamenta experience

Obsidian Today

- ❖ Enterprise requirements to OpenSource: Managing Risk
 - ❖ Brand
 - ❖ Training
 - ❖ Product presentation
 - ❖ Retainers
- ❖ Distribution split off as The Linux Warehouse

Serendipity at SiniStars and SuperCreeps

- ❖ December 2010: Dress as a super villain and cook a mythical creature
- ❖ My friend Jan-jan came as “The new evil: An Investment Banker”
- ❖ A Conversation:
 - ❖ Why is the world in such a mess?
 - ❖ What can we do about it?
 - ❖ What would the new design look like?
 - ❖ How does this link to Abundance / Scarcity thinking and Open Source?
- ❖ 9 Months of research into money and the social / economic state of the world
- ❖ The unlikely result: Giving a model to my last 16 years in business and how to take the next step. (And some things about how we can start creating a solution)



Understanding money & Contemplating value

Traditional Definition of Money

- ❖ Medium of exchange - Liquidity for trade
- ❖ Unit of account - Uniformity in recording
- ❖ Standard of deferred payment (debt) - Uniformity over time
- ❖ Store of value — This begs a deeper understanding
- ❖ All of this looks at money from the individual point of view, not the system.



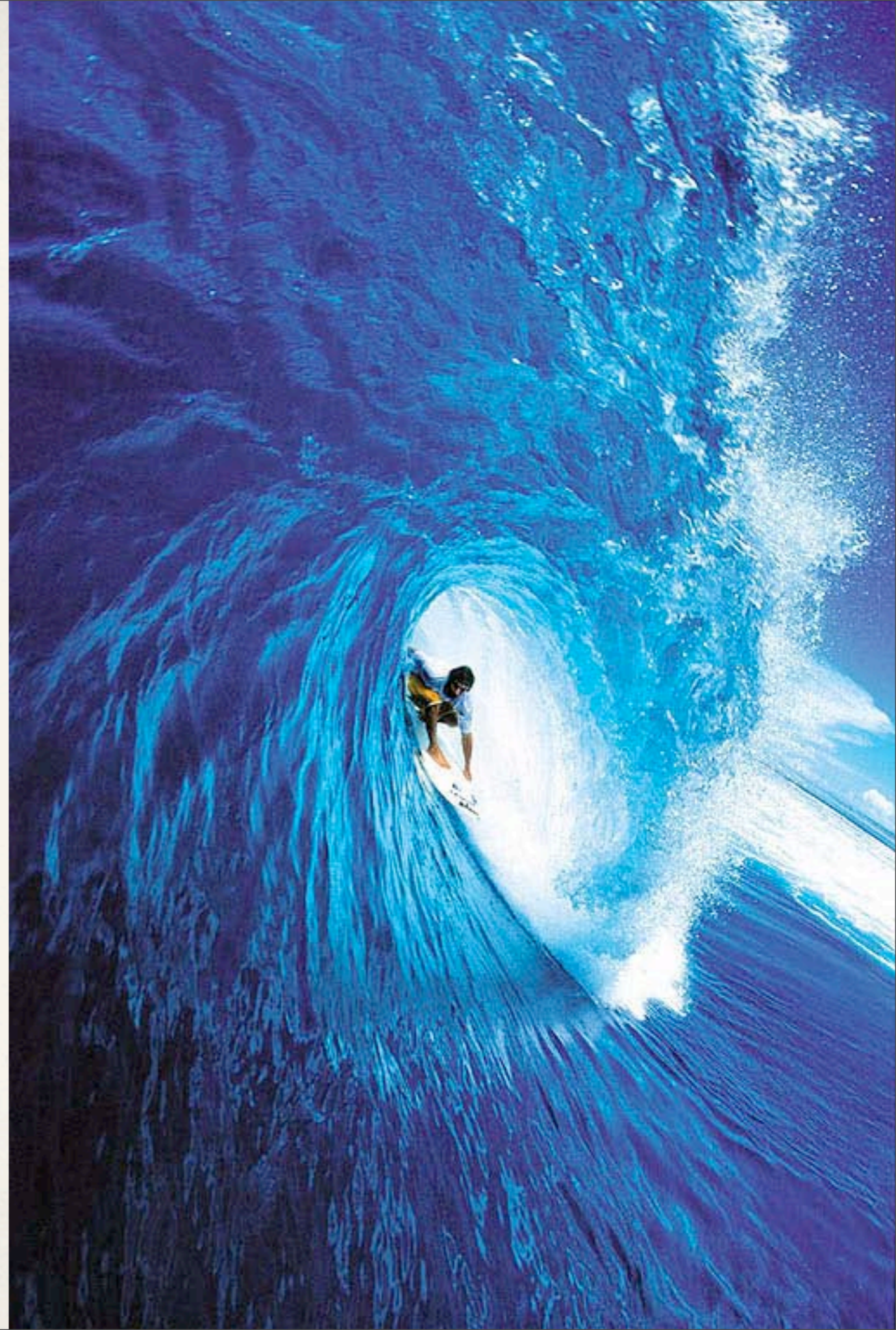
Money: Historical Highlights

- ❖ Interest & Cows
- ❖ Goldsmiths and money supply
- ❖ Liquidity and religious laws: Lessons from Venice
- ❖ Banking and reserve banks: We'll skip the sordid tale
- ❖ 1971: End of Bretton woods and start of Fiat-only USD



Money as a flow of value

- ❖ My empirical experience:
 - ❖ Focus on what enthuses you, do it well, be fair in everything you do: money flows as a side effect. (Abundance)
 - ❖ Focus on having to “make money” stops flow. (Scarcity)
- ❖ Input from my friend Jan-jan
 - ❖ Value is created by differences between people: in resource and perspective
 - ❖ Your value in a network is not what you do, but what you do for others
- ❖ Money, value and motivation
 - ❖ Mapping to Maslow’s hierarchy of needs
 - ❖ Suggestion: Look at Spiral Dynamics



Spiral Economics

Entrepreneurs and Opportunities

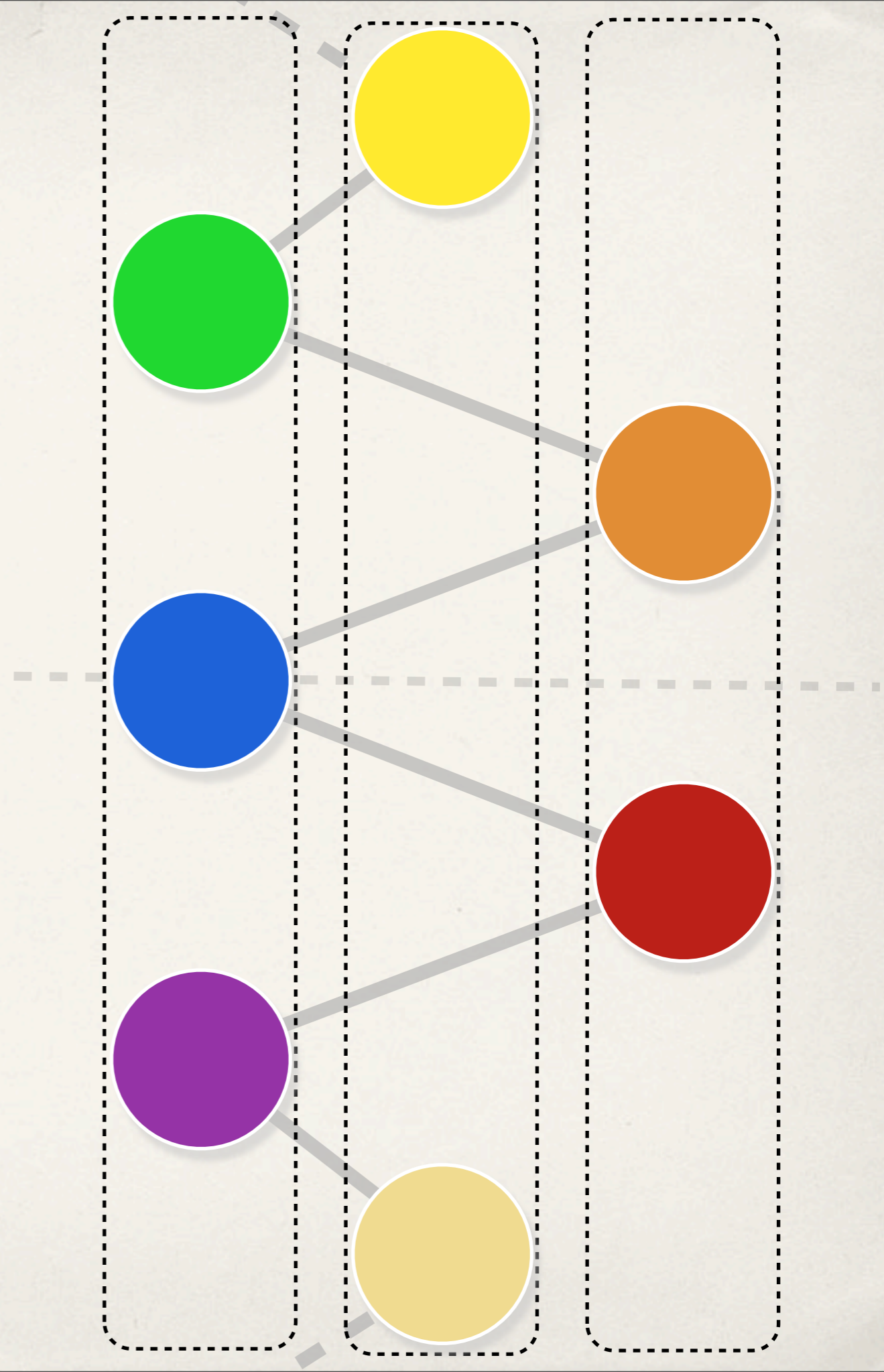
Spiral dynamics in a nutshell

- ❖ Clair Graves: Emergent, Cyclical Levels of Existence
- ❖ Series of evolving Worldviews where every viewpoint is a result of overcoming a challenge that in turn creates a new challenge to overcome.
- ❖ Don Beck and Chris Cowan popularised this as Spiral Dynamics using mnemonic colors for the levels.



Spiral Worldviews

Level	Solution	Challenge
Beige	Individual	Danger Loneliness
Purple	Mysticism Tradition	Castes Classism
Red	Violence Passion & Skill	Chaos Waste
Blue	Agreement Order	Inflexibility Bureaucracy
Orange	Innovation Optimization	Exploitative Unsustainable
Green	Systems Thinking	Identity
Yellow	Integration	Coherence?



Creating Value in the Spiral

Group Focused Activities

Inspire, Model, Sustain,
Balance, Orchestrate

Manage, Measure, Judge
Document, Standardise

Command, Care, Teach
Ritual, Group Identity

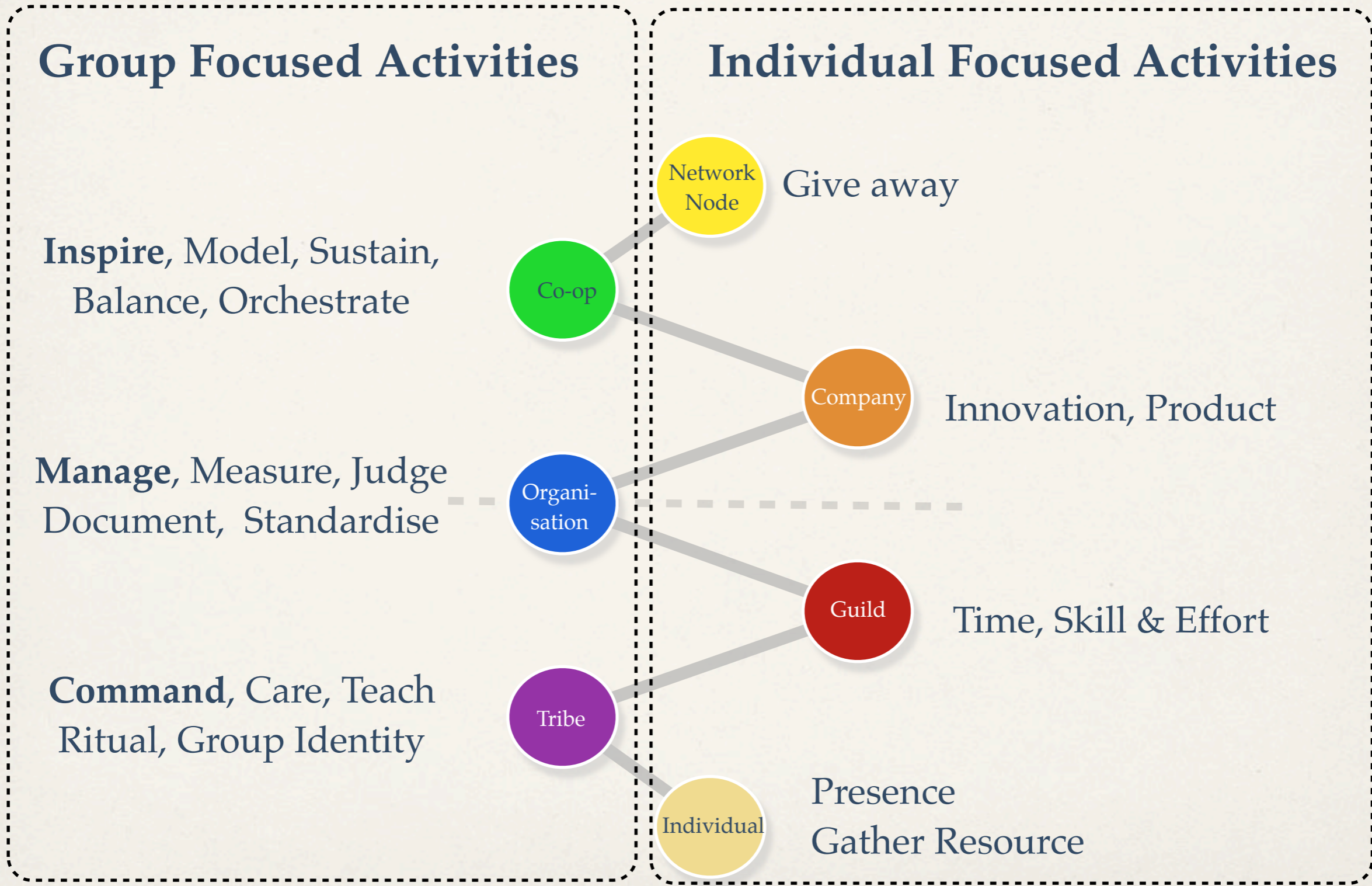
Individual Focused Activities

Network Node
Give away

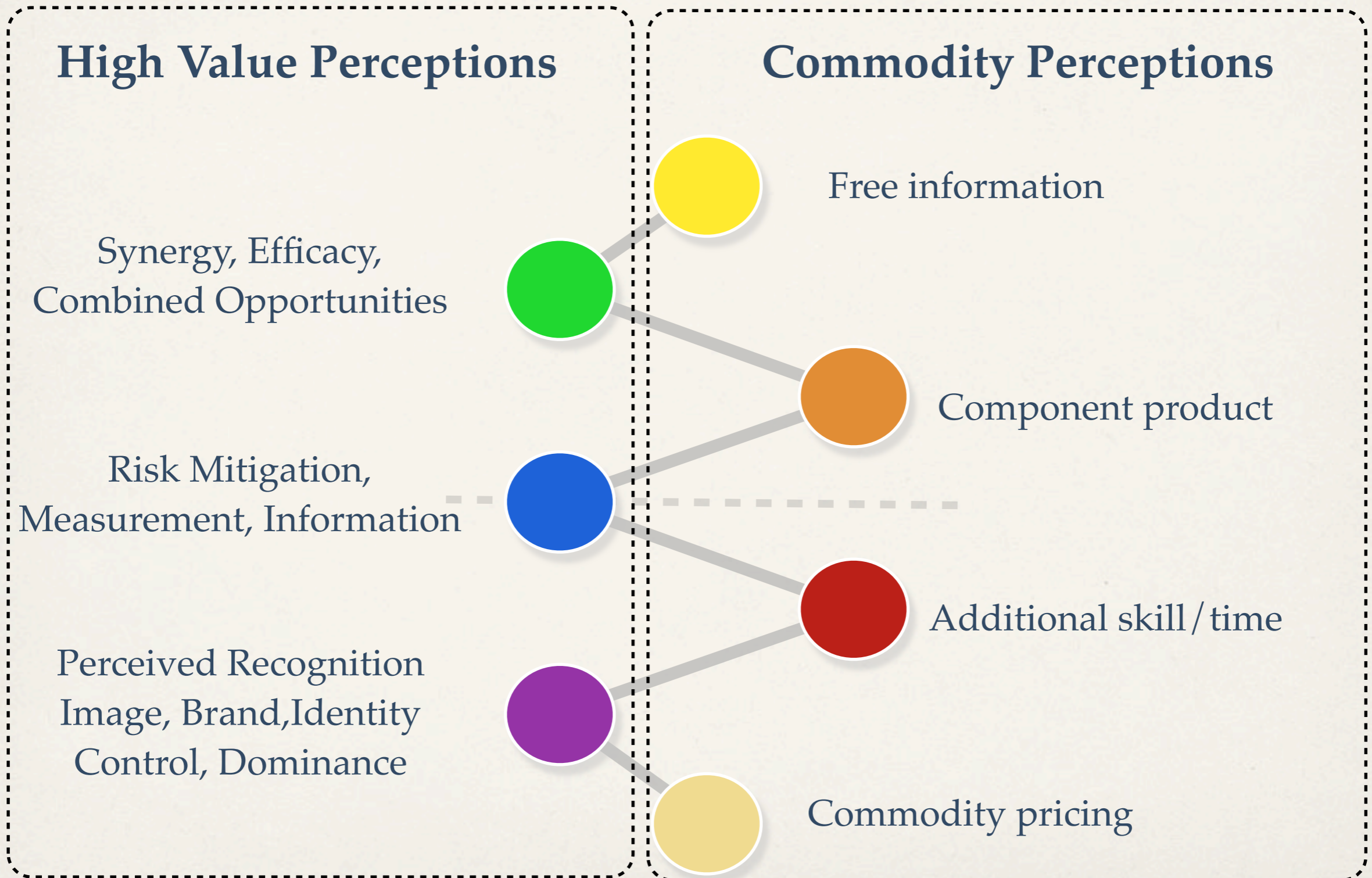
Company
Innovation, Product

Guild
Time, Skill & Effort

Individual
Presence
Gather Resource



Client Value Perception



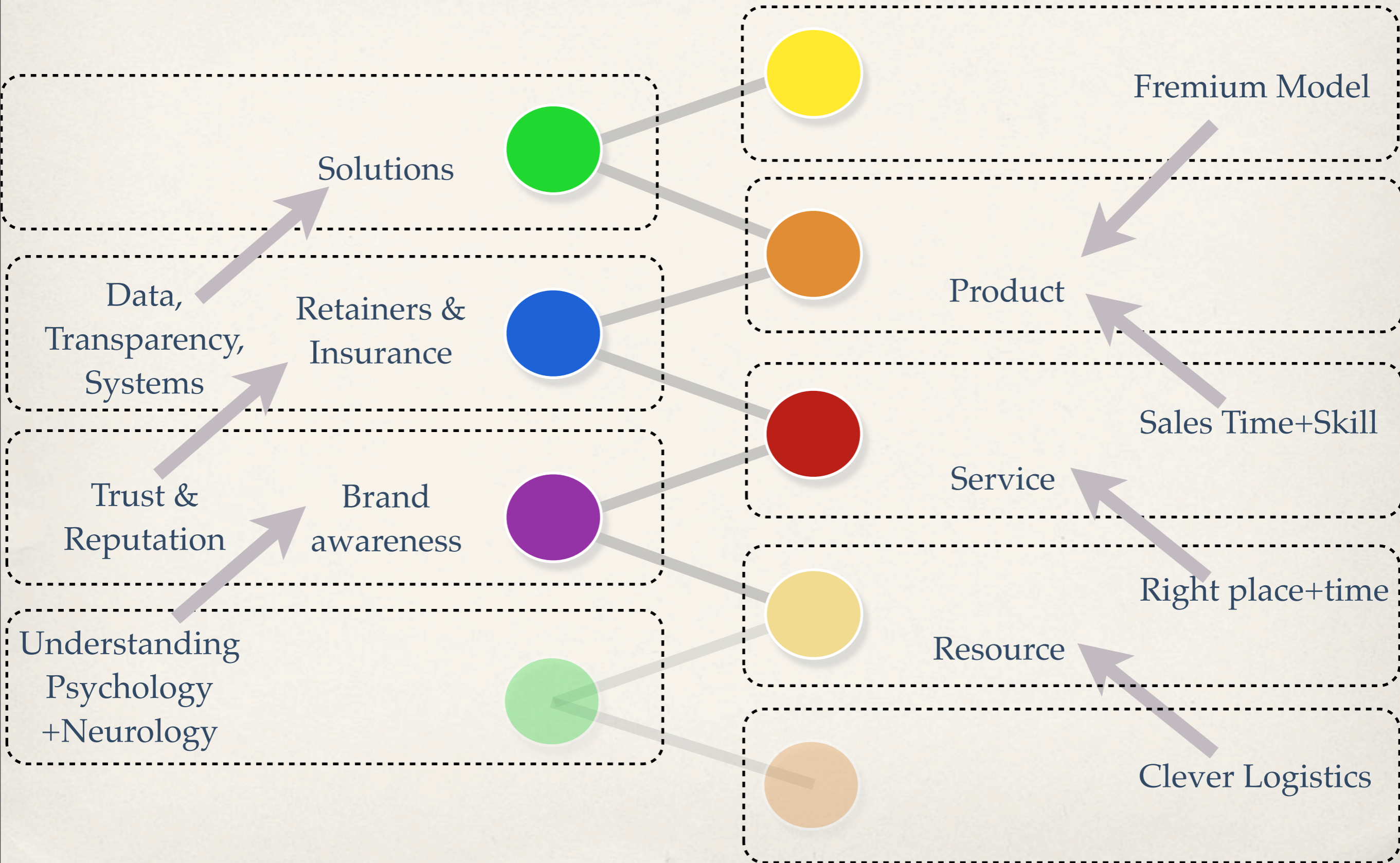
Sales Approaches

Sell X

with

Sell X

with



Entrepreneur: Idea to Ignition

- Inspiration: discover an opportunity / market / idea / solution
- Envision a system in which you can address this.
- What is your competitive advantage?
- Evaluate the value created vs cost.
- Do you have the appetite and drive?
- Find the people you will need
- Gather your resources and start



Entrepreneur: Growing the Business

- Gather your resources and start
- Create a Brand and Team identity
- Work hard, develop skill
- Systemise, Manage, Measure, Automate
- Optimise, exploit the constraints, improve, productise
- Make sustainable, co-operate, build community
- Master, Integrate, Transcend

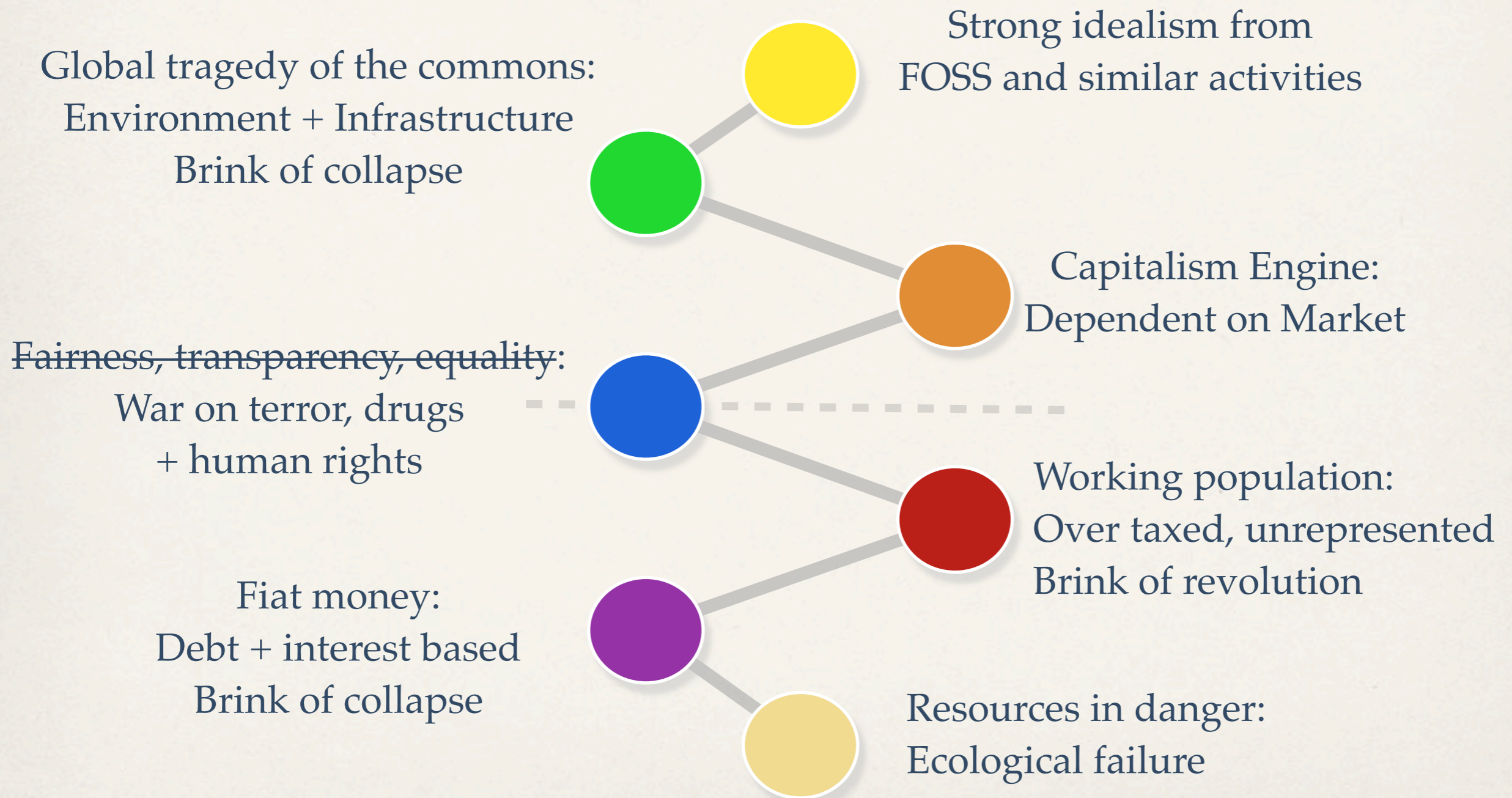


Learnings for Telamenta

- * Organisational structure: Green -> Yellow
- * Client offering:
 - * Time and Skill (Red) oriented.
 - * Product has been problematic (Orange)
 - * In-sufficient systems and structure in place (Blue)
 - * Knowing the balance between Purple / Blue / Green we can safely implement this
 - * Next step: Implement Risk reducing (Blue) retainers for clients with increases linked to outcomes (Green).
- * Blue is the fulcrum: Implement with Time+Skill, pivot to automated Product.

Spiral Economics: Politics and Economics in 2011

Global Political & Economic Climate



Currencies on the Spiral

Initial Thoughts and Suggestions

Recognition of Value

Store of value
Unit(s) of account

Success of Commons:
Monetising the value of
common good

Parameterised:
Property
Skill based potential

Fiat/Tribe:
Trust (~credit rating)
Production potential

Zero sum - Liquidity

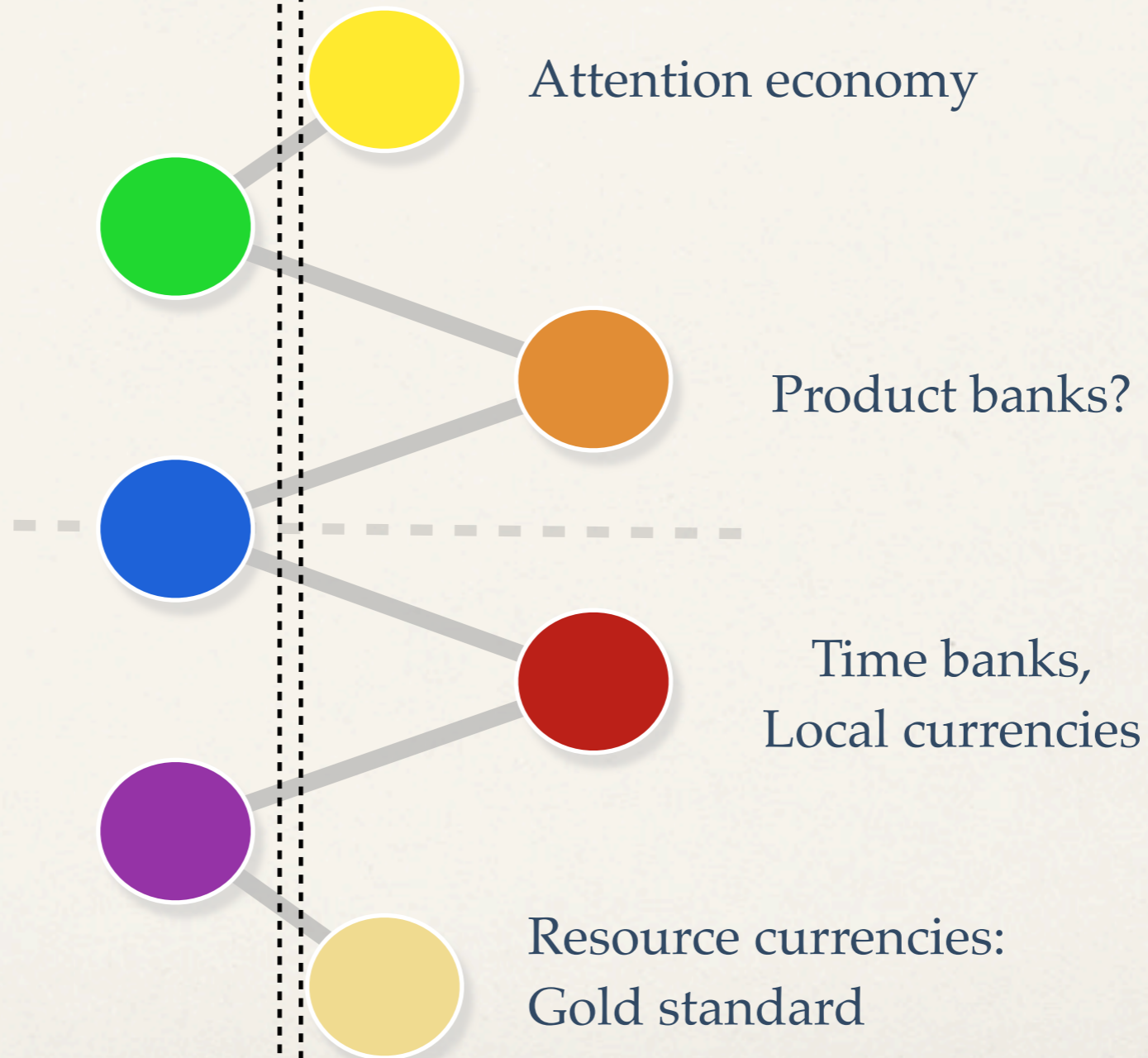
Medium of exchange
Deferred payments

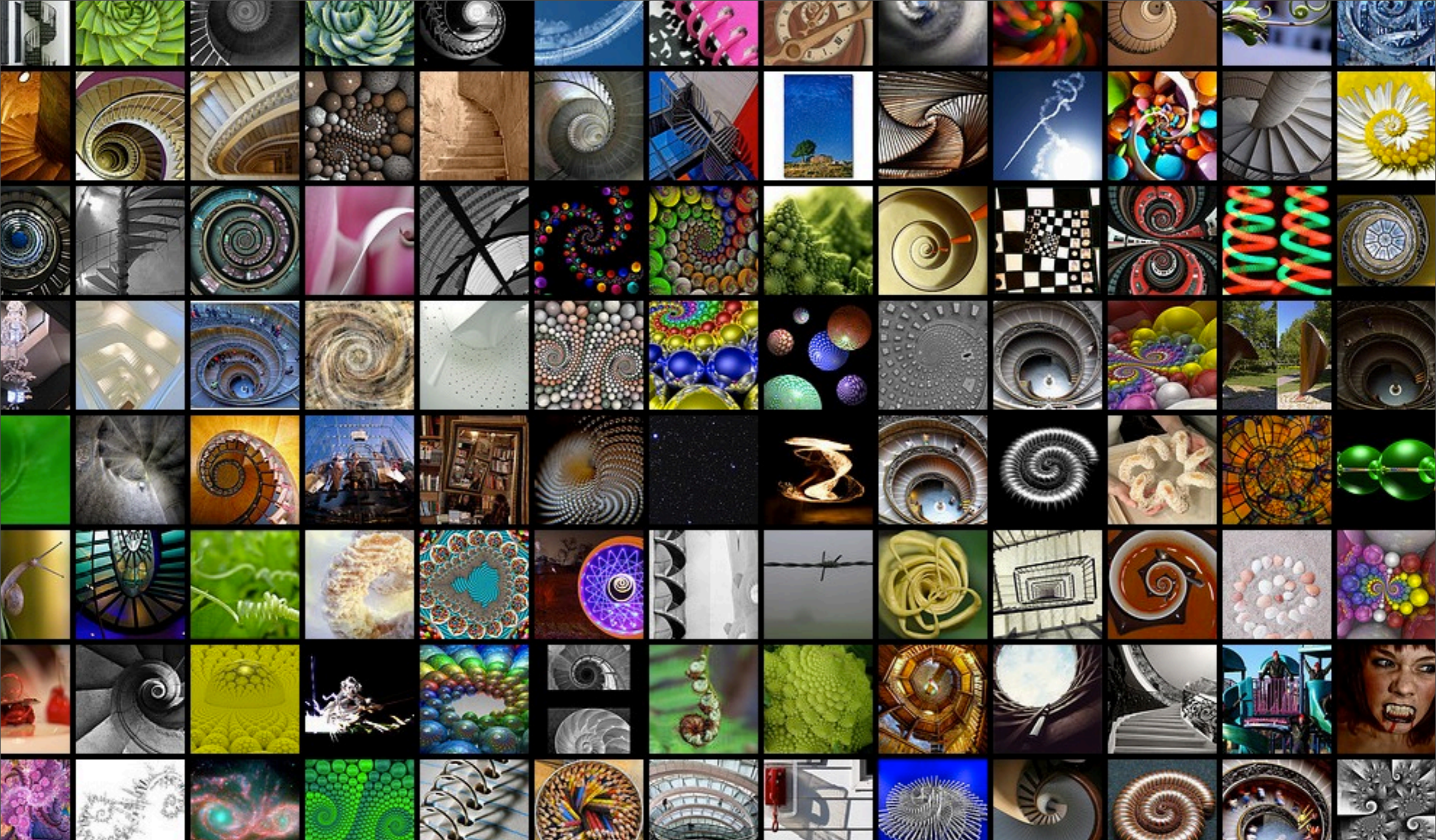
Attention economy

Product banks?

Time banks,
Local currencies

Resource currencies:
Gold standard





Any Questions?
