

Standing Apart

CMC entrepreneurs blend confidence, leadership, and business acumen into a fresh concoction of sweet success.

By NICK OWCHAR '90



Here's a riddle: What measures roughly 13 x 10 feet and contains entrepreneurial visions?

The answer: Julie Bauer '10's bedroom in CMC's senior apartments. That's where the recent grad came up with a product to make women's lives a bit easier: a round, plastic, perforated container that enables someone to take a bra—normally a delicate item that must be hand-washed (but who has the time?)—and just toss it into the washing machine.

Such a product deserves applause, right? There was only one thing to call it, Bauer decided. Bra-VO.

This experience—which took place in a course taught by the Kravis Leadership Institute's Jay Conger, the Henry R. Kravis Research Chair in Leadership Studies—was about more than just managing a student team or inventing an interesting product. It also changed how Bauer saw herself.

"I entered the class without much knowledge about the field. I was unsure about it," recalls the 21-year-old Arizona native. "It was cool to watch our project move through the process. When I left, I realized I was capable of starting the venture process if I really wanted to. It's exciting."

That same attitude is true across the nation. Despite financial markets that continue to struggle, recent national polls show that most Americans still have faith in free enterprise.

And, at CMC, such faith is reflected in a variety of activities. Not only do you find it in the success of Conger's relatively new course (started three years ago) but also in a flourishing of student clubs, extra-curricular offerings on the nuts and bolts of running businesses, and the inauguration, this year, of a new annual award: The Innovative Startup Award.

Established by tech entrepreneurs Adam Altman '99 and Sunil Rajaraman '01, this award recognizes an outstanding entrepreneurial student project by providing \$10,000 in seed money to help take it out into the real world. This year's first recipients were the students who created BrewTours.

That's not all. Where KLI has developed a course sequence enabling students to study the principles of leadership, Conger, along with colleague Ron Riggio, the Henry R. Kravis Professor of Leadership and Organizational Psychology and Director of the Kravis Leadership Institute, would like to do the same for entrepreneurship. Establishing such a center on campus would enable students to ponder an intriguing question:

Are entrepreneurs born or can they be made?

The answer, one realizes, is a lot like making any successful recipe: It requires a careful mix of the right ingredients, equal parts temperament and training, as the insights of the following alumni and faculty illustrate.

The way of the entrepreneur

Turn to polls and you'd never know that we were living through tough financial times.

A stunning 86 percent of Americans, according to a Gallup poll in January, have a positive attitude towards free enterprise—this, mind you, despite unemployment figures that haven't fallen and a recovery that pundits say is anything but certain. A year earlier, in 2009—an even worse time for the American worker—the Pew Research Center found that almost 70 percent of respondents agreed that they were still better off living in a free market economy.

How can this be?

“Entrepreneurship doesn't go away, even in bad times,” Conger explains. “It's essentially about freedom, the freedom of following your own vision, of being your own boss. It's a part of who we are as a nation.”

An entrepreneurship center, he says, would be modeled on the examples of USC and Babson College, both of which use their programs to link theory with practice. It would certainly be a well-timed addition at CMC,

considering that trends nationwide and locally suggest that more students will be choosing the entrepreneurial path in years to come.

Why? Partly, Conger explains, because of the Wall Street crash in 2008. Firm closures and layoffs, he says, “have reduced the number of traditional corporate positions that are out there”—posts that CMC grads typically have found after graduation.

And as Riggio notes, there's another reason why student interest is on the rise: The internet has shown today's students a whole new landscape of business possibilities with extremely low start-up costs.

“Who are the business heroes today?” Riggio asks. “They're the founders of Google and Facebook. Students have learned from these examples that it isn't nearly as difficult or expensive to start a business now.”

Riggio adds that students are also largely different from past generations in how they view work. They view work in a “portfolio kind of way” that involves moving “from experience to experience.”

“In this world of outsourcing, they're not thinking about

going to one firm and staying a long time. Often it's about going, getting some knowledge and then moving on,” he says.

Today at CMC, entrepreneur-minded students will find extra-curricular, non-credit sessions on the essentials of running a business—how to write a business plan, for instance, or how to pitch your idea to potential investors. They can also learn more from the Claremont Entrepreneurial Society, a five-college, student-run organization that brings in keynote speakers from the business world to give students a glimpse of the practical challenges awaiting them.

Or else, in Conger's course “Leading Entrepreneurial Ventures”—the same one in which Bauer developed Bra-VO and competed against BrewTours for the Innovation Award—students learn about the typical challenges facing any startup: putting together a management team, looking for financing, marketing, and coping with internal interpersonal issues that might derail the company as it prepares to take off.

The strategy behind these offerings is clear: To equip students with enough tools to either go it alone or with a company. They receive something invaluable for today's graduate: more options.

Take Bauer, for instance.

Though her future plans involve a career in the healthcare field, she says the experience of developing a venture has left her open to considering it one day should the right circumstances—and the right product—come along.

“You don't have to realize a business project right out of school,” she says. “It might come later, and when it does, you'll be ready.”

That was the case for David Spencer '86. You could even say that his successful business venture has been 29 years in the making.

David Spencer: Making it personal

David Spencer was 19 when his life changed.

During a year off from college, Spencer was riding in a friend's car in Westchester County, N.Y. They were being rowdy, he recalled, just “your typical, rambunctious, rebellious kids,” when the car suddenly crashed. The accident resulted in Spencer losing the use of his right arm and having his right leg amputated above the knee.

One might also trace the origins of SenSpa, a holistic day spa, to this drastic turning point in his life.

For in the years that followed, as Spencer went on to success in other fields—he returned to CMC and majored in political science, received an MBA from Stanford University, and worked in marketing for Major League Baseball in the Bay Area, among other activities—he was also thinking about his own body care. He spent a great deal of time studying healing methods from the East and West.

Though some may regard a day spa as a luxury, the 48-year-old Hillsborough resident saw it as something far more important.



Jay Conger, the Henry R. Kravis Research Chair in Leadership Studies, has taught *Leading Entrepreneurial Ventures* for the past three years.

“The analogy I use is this: You put good gas in a car and drive it around, but you also have to keep it well-tuned,” he explains.

Then, when he learned in 2003 that the Presidio, at the tip of the San Francisco peninsula, was seeking to open a spa, Spencer had an epiphany. This was the chance to create SenSpa, which would be more than just a spa: It would be “a healing center.”

“I’ve always been dissatisfied with day spas in San Francisco,” he explains. “There’s too much traffic, bad parking, it’s claustrophobic. Going to the Presidio is like having an escape. The lightbulb just went on for me.”

The business is 100 percent self-owned, Spencer notes proudly. He took on no investors to assemble \$4 million in startup costs, instead turning to bank loans, his own savings, and settlement money from his accident.

“SenSpa was an unproven concept; I didn’t feel comfortable pitching it to investors,” he says. “That also freed me up from the pressure of getting results just to keep investors satisfied.”

And how was starting a business in 2005 compared, say, with 2010? Definitely easier, he says.

“What helped the most was getting the Presidio lease. Having that made the spa more credible to the banks,” he explains. “Your concept actually exists somewhere—not just on a drawing board.”

Today, the 13,000-foot facility is the toast of numerous magazines, including *Sunset*, *Fitness*, *Allure*, *In Style*, and *San Francisco* (which has included it in its best of the city rankings).

Spencer advises budding CMC entrepreneurs not to rest on a product or service, no matter how great it is.

“If you believe in your ideas, you’re going to be passionate and this will impress people, but you also need heavy hitters. You need people who can get behind you and back you up, especially if it’s unproven,” he says.

Though enthusiasm may not be enough on its own, however, Spencer does add that it is absolutely essential.

“Being an entrepreneur is more of a visceral thing than a cerebral one,” he says. “There has to be something that gets your heart racing. The timing has to be right too. Once these come together, you’re on your way.”

Timing—Eric Affeldt ’79 certainly agrees: Opportunities, he has found, often come along when they’re least expected.

Eric Affeldt: Curiosity that’s a habit

Eric Affeldt’s aspirations were many as a CMC undergrad in the 1970s: becoming a lawyer if playing major league baseball didn’t work out, and if neither of those happened, he thought he might become a Christian minister.

Then, the summer before his senior year at CMC, Affeldt, now the president and CEO of ClubCorp, was on a flight to Antwerp to help manage the Belgian national baseball team. He struck up a conversation with the man next to him, a senior exec from the former firm Kidder Peabody. The exec sensed Affeldt’s fascination

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in managing things and made a suggestion: Don’t go to law school or into the ministry. Forget baseball. Come and work for us.

“Was it a coincidence?” chuckles Affeldt, 52. “Who knows? I like to think about it in terms of [Squire Rushnell’s book] ‘God Winks.’ What one person calls happenstance another person calls something else.”

The arc of Affeldt’s career has taken him to UBS, a startup computer manufacturing company, a financial advisory business and then, in 1992, to the formation of KSL Recreation, a fund investing in tourism and recreation on behalf of its backers, Kohlberg Kravis Roberts & Co.

Affeldt’s career has been like a series of training programs, each enabling him to feed a quality he says most entrepreneurs share: an unflagging interest in learning new things.

“Ask me for one word to describe myself and it would be ‘curious,’ he says. “Ask me for two words, and they would be ‘habitually curious.’”

KSL Recreation’s purchases included high-end destination resorts as well as private aviation and golf companies. Affeldt volunteered to run all of these, immersing himself in their operations.

“People ask me, ‘How can you go from hotels to aviation to golf?’” he says. “I tell them they’re more similar than you realize. The language might be a little different, but you’re still applying the same principles.”



Students gathered in a conference room on Dec. 11, 2009, to present their plans and receive feedback from alumni investors and tech entrepreneurs Adam Altman '99 and Sunil Rajaraman '01. From barriers to entry to customer acquisition costs, the students demonstrated a depth of knowledge in their given product markets. Both Altman and Rajaraman were impressed by the presentations. "The students all demonstrated a remarkable amount of maturity and poise in their presentations, and they are far ahead of where we were when we were students at CMC," observed Rajaraman.

When KSL Recreation was liquidated in 2004, a new fund emerged in 2006, KSL Capital Partners (independent of KKR). This new fund purchased ClubCorp, a Dallas-based company owning or operating some 160 golf courses, country clubs, and other clubs and resorts worldwide. Because of Affeldt's background, he says, "it seemed pretty logical that I should be the guy to run it."

Asked about first-time entrepreneurs struggling to finance their dreams today, Affeldt advises them not to be discouraged.

"There's very rarely been a time when there hasn't been capital available for great ideas," he says. "There's always been a fair amount of money in the system. The challenge is in finding great opportunities."

And one more thing: Be fearless.

"You can't be afraid of taking risks," he says. "Entrepreneurs

want to get out there and test their ideas. That curiosity, mingled with competition, is what keeps them going."

Taking risks and staying competitive: These two qualities, in fact, also sum up the experiences of Gary Bizantz '56.

Gary Bizantz: Born to compete

Gary Bizantz had great teachers both on and off the CMC campus. Among those on campus was his economics professor, the late Orme W. Phelps.

"Philosophically we couldn't have been more different. We'd argue every day, and I loved him for it. I loved how he challenged me," recalls Bizantz, 75, whose success hasn't been limited to one industry but several: car dealerships, philanthropic foundations, golf club manufacturing, and raising thoroughbred horses.

And his off-campus teacher? It wasn't actually a person. It was a car lot.

His father, Harry, was an owner of a Ford dealership in the nearby city of Glendora, and, as an undergraduate, Bizsantz juggled his class schedule and sports—he was 1956 athlete of the year—with the business’s bookkeeping and selling cars.

“An entrepreneur has to have confidence. You have to like the competition too. I found all of those qualities there on the lot,” he said. “If there were 12 other salesmen, I felt I was better than all of them. I felt like I could work harder, sell more, stay later, and work longer. You have to have that.”

Bizsantz says you can certainly “glean some of these skills by studying other entrepreneurs,” but the deepest lessons come from experience. And, like Affeldt, Bizsantz said entrepreneurs must have a low aversion to risk. If you can’t take chances, if you’re too concerned about failing, he says, then you’re going to have a tough time.

“If you’re afraid to fail, that’s going to prevent you from ever reaching the heights that you might be able to reach,” he says. Over the years, he has shared such insights with packed audiences at the UCLA Anderson School of Management and elsewhere. “If your plan doesn’t work, what’s the worst that could happen? You’ll have to go and get a job.”

If he had worried about failing, for instance, Bizsantz might never have bought his first horse. Right after graduation, newly married and making \$85 a week at the car lot, Bizsantz took his savings of \$400—a hefty sum in those days—and bought a racehorse at the Pomona fairgrounds. The gamble paid off: The horse won its very first race.

Through the years, Bizsantz honed his competitive acumen on that car lot before establishing his own: Over the years, he continually earned a ranking in the top ten California dealerships.

Then, in the late 1970s, tiring a little of the business—there’s that entrepreneurial hunger for new challenges—Bizsantz happened on another metaphorical racehorse: Cobra Golf. It was a small company with a great product (cutting-edge designs for shafts, grips, and club heads)...and all kinds of financial problems.

“I know a good club like I know a good horse,” he says, proudly (he’s also an avid golfer whose won numerous club championships). “I felt like the company couldn’t be in any worse shape, but the chances were good that we’d succeed if I could apply what I had learned in the car business.”

Here’s where taking chances and pure grittiness came to the fore: Bizsantz turned to several friends and asked for money—enough to help him pay off a \$160,000 bank note. Eighteen years later—using innovative marketing that has kept pro shops buzzing about Cobra Golf clubs—the company was sold for \$755 million.

“Now *there’s* an American dream,” Bizsantz says.

That success gave Bizsantz the freedom to pursue that other lifelong dream, the one he had ever since those days in a little Glendora apartment: own a thoroughbred farm with horses running in races around the country.

Living in Kentucky, Bizsantz points out another advantage of taking chances: It has enabled him to endow CMC, among many recipients, with several gifts, including a state-of-the-art tennis center and a scholarship on behalf of his beloved former teacher Orme Phelps.

“I figured that I should give something back. That’s what you do when you’ve had success like mine,” he says. “When I visit the campus today, when I walk up that quad, I get that same thrill I felt 55 years ago. It’s still the same for me.”

THE ENTREPRENEUR’S

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BELIEVE in your product/service: Passion and curiosity are essential to persuading investors, potential clients, and the public at large.

BACKING: Find people who will stand behind you and support you, both financially and conceptually.

BE FEARLESS: Entrepreneurship is about trusting yourself and not being afraid to fail.

BE YOUR OWN BOSS: As alumnus Gary Bizsantz says, “Entrepreneurs don’t hope that, if they’re lucky, they’ll get to be a company vice-president in 30 years. They don’t want to wait. They want to do it now!”

BESTOW: Success, as the alumni behind the new Innovative Startup Award have shown, is also about helping others move forward.

On tap: a new startup

Do beer companies have a hard time selling their products? Not if it’s Bud Light or Coors—but what about the little guys, the brewers of fine, craft beers?

They might turn for help to BrewTours, a business invented by recent graduate Ryan Anderson and developed by Anderson and his classmates Eric MacColl, Andrew Hess, and Michael Widmann in Jay Conger’s course on entrepreneurial ventures. Their business plan was the first recipient of a brand-new award, the Innovative Startup Award. When BrewTours launches, the company will provide tours of quality craft breweries in the Bay Area—much like the tours that are a hallmark of the wine industry.



Sunil Rajaraman '01 (above) was an economics and accounting major at CMC. He attended the UCLA Anderson School of Management for his MBA and is currently the President and CEO of Scripped, an online screenwriting service that combines cloud computing and web-based software to make the screenwriting process easier both for writers and audiences searching for content.

Adam Altman '99 (left) majored in economics at CMC, graduating *magna cum laude*. He went on to start four and sell three companies, including iwin.com and Traffic Marketplace. His current project is iReel, an online movie rental service. He is the new father of twin girls.



Adam Altman '99 and Sunil Rajaraman '01 established the award not only to give a winning business plan some startup money—amounting to \$10,000 (which is doled out as certain benchmarks are reached in developing the business plan)—but also to personally help the students with their progress.

At the time of the announcement of the new award, Rajaraman said that he and Altman wanted to give something back to CMC: They sought a way “to encourage young entrepreneurs to take their first big chance while they are still students.”

Their source of inspiration was very clear: The pair remembered their own shaky entrepreneurial beginnings.

“We had very few resources and no guidance when I started my first business,” Altman recalled.

Guidance and direction weren't lacking for the BrewTours

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team or for the other student teams in Conger's class. Anderson and his team researched every aspect of their company, including how such brewery tours operate in San Diego, what kinds of relationships to establish with breweries and an estimate of potential customers—all before gathering to make their pitch last December to Altman and Rajaraman.

“Every one of us knew the ins and outs of our business plan cold,” said MacColl. “We were confident that Adam and Sunil would believe that we could pull it off. They've continued to help us with all the questions we've had.” MacColl explains that Anderson had realized, in the process of writing his senior thesis (which looked at the craft beer market), that the craft beer industry has experienced amazing growth in the past 30 years: from 40 craft breweries in 1978 to 1,400 across the nation today. And yet, how do you convince customers to seek out a beer that they're unfamiliar with when it's easier to pick up something in the beer aisle at the grocery store? People need a helping hand—something BrewTours will certainly provide.

And with more than 40 breweries in the Bay Area, MacColl notes that he and his teammates will be able to capitalize on the growing popularity of local breweries among a particular segment of consumers. Currently, BrewTours, a registered company in California, is creating a Web site and developing commitments from Bay Area breweries. The first tour hasn't happened yet, but MacColl says it isn't far away.

“There's a definite market here,” he said. “Where our parents grew up drinking nice wines, there is a generation growing up drinking fine craft beers.”