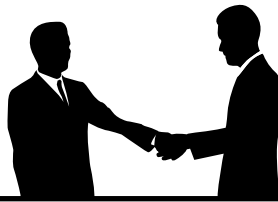


learn



£94,000

is the average amount of startup capital needed by a self-funded SME in Britain



19%

of entrepreneurs rate networking as the top attribute to develop before starting a business

SOURCES: ENTERPRISE LADDER REPORT/KAUFFMAN FASTTRAC

Shared knowledge

ENTREPRENEURSHIP

How two former Facebook staffers branched out on their own

If they had asked your advice in 2008, would you have encouraged Adam D'Angelo and Charlie Cheever to resign from top technical positions at Facebook and launch a new internet firm that lets people ask questions and offer responses and advice online? Regardless of what anyone told them, the pair did just that, and so was born Quora (originally Alma Networks).

COMPANY ADVICE

Deciding what the start-up company should actually do was their next step. If they had followed the advice of management and entrepreneurship teaching, they would have conducted an assessment of unmet consumer needs together with a detailed competitive analysis. On that they would have created a detailed business plan and begun pursuing large investments from venture capitalists. Instead, they focused on something different.

"We didn't actually say that this is a market that we want to be part of, and we weren't actually focused on the other Q&A sites. The way we think about this is there's actually a lot of information that's still in people's heads that's not on the internet," say D'Angelo and Cheever.

"And when you think about it you would say that probably 90 per cent of the information that people have is still in their heads, not on the internet. So



we're trying to get that information out of people's heads and get it into a really useful format to make a valuable database."

By starting with knowledge they knew existed in the world, they did not have to count on themselves to provide the inspiration and brilliance to ask thoughtful questions or provide incisive answers. Instead they had to figure out a way to encourage other people with the questions or the answers to self-select into sharing their knowledge.

So the mission for Quora became straightforward: to create an enticing marketplace for questions and advice.

ADVICE VALUE

People value advice. In a recent study of individuals considering starting a firm instead of pursuing a corporate job, access to a seasoned mentor was valued more highly than \$5m in investment into the venture. More generally, about 30 per cent of web searches today are phrased as questions, as opposed to simple fact/reference searches. People also like to offer advice. Users of Dell Computers know that more accurate and detailed answers come from the (unpaid) community of Dell users, not the Dell employees in the customer support department. So while perhaps

you thought D'Angelo and Cheever were crazy in the first paragraph, maybe there is some potential behind Quora.

ADVICE FOR YOU

To test their idea, we searched Quora responses to the question: "What is the best start-up advice you have received?" Below are the headlines of many of the non-technology specific responses:

- Fail quickly.
- Don't try to earn money, try to earn people.
- Don't marry your idea.
- Don't wait for the 'right' moment!
- Start with anything, then start fixing the bugs as you grow. There is no perfect product.

And although this advice too defies the detailed logic of business planning or the entrepreneurial lore of gifted insight into an opportunity, it mirrors how D'Angelo and Cheever have developed Quora. Starting with a general observation and revising it endlessly, the two are in the process of building a firm that in May 2012 secured £33m in venture round funding based on the possibility that it could ultimately be as influential as Google or Facebook. What would be your advice for them now? ●

Take our advice...

Quora founders Adam D'Angelo and Charlie Cheever

details

By Stuart Read, professor of marketing at IMD, and Saras Sarasvathy, associate professor of business administration at the University of Virginia's Darden School. They are co-authors of *Effectual Entrepreneurship* (Routledge, £35)

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