

## Founders take aim at a bigger target

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The quest to develop the internet's next big thing can be full of unexpected twists and turns. PayPal, the online payments service, started as a way of transmitting payments securely between Palm Pilots. Its founders realised that there was an even bigger opportunity in online payments - and went on to sell the company to Ebay for \$1.5bn (£767m).

Flickr, the photo website, grew out of a multiplayer online game being developed by its founders. Game Neverending never saw the light of day, but Flickr went on to be acquired by Yahoo, sparking a wave of interest in "Web 2.0" sites.

With such tales in mind, some entrepreneurs factor the unexpected into their business models, eschewing business plans that rely on a single big idea. Instead, they set up companies in which small teams of engineers work on several ideas simultaneously. The hope is that one or two will take off - a "shotgun" rather than a "sniper" strategy.

"In consumer internet, it doesn't make sense to stick a stake in the ground and say, 'I'm doing this three-year project, here's the vision,'" says David King, a former Google manager who has launched five internet projects in rapid succession since he left the search engine company last year.

"None of the big internet successes were like that," he says. "If you want to build a great consumer internet company you have to be willing to try as much as you can, as fast as you can."

One trailblazer in this approach to entrepreneurship is James Currier, a 40-year-old former venture capitalist who in 2004 sold a social website to Monster Worldwide for more than \$100m. The site was Tickle, which allows users to take IQ tests and other personality quizzes.

"As a venture capitalist, I'd look at 600 companies a year and invest in one or two of them," Mr Currier says. "Of those, only 40 per cent would do well. It's very hard to start companies from scratch, and it's very rare that they work."

Eighteen months ago, Mr Currier set out to change that with Ooga Labs, a self-funded start-up whose 15 designers and engineers work in two-man teams to develop ideas in parallel. The goal is to churn out as many promising ideas in as short a time as possible.

"That's one of the things we figured out at Tickle," Mr Currier says. "You can shrink the teams down to two people - a designer and an engineer. The smaller you go, the faster it goes."

Ooga acts as a holding company for five new businesses. One, GoodTree, is a search engine and web portal that devotes a share of its revenues to social causes.

Others have yet to make their public debut but ideas range from medical information start-ups to a social network focused on connecting people who live in the same area.

Mr Currier says that, unlike earlier business "incubators" such as Idealab, which rose to prominence during the dotcom boom by spinning off companies such as eToys.com and CitySearch, all of Ooga's ideas are home-grown and not reliant on venture funding.

"All of the ideas are ours," he says. "We come up with them ourselves."

By contrast, he says, Idea-lab was founder-driven. "They'd have people come up and pitch them. A lot of the companies weren't synergistic."

To encourage the teams to work together, Mr Currier has developed an unusual "cross-equity" ownership arrangement. "We have five different companies at Ooga Labs and everyone owns equity in each of the projects regardless of which one they're focused on."

The company's work environment is also designed to foster a spirit of co-operation. "We don't have cubicles or offices. Everyone is in an open floor space. Everybody here goes out to lunch together. It's a team feeling even though it's multiple companies."

As little as five years ago it would have been unheard of for a 15-person company to be working on five business ideas at once. But a combination of cheap servers, open-source software and marketing opportunities created by companies such as Google and Facebook makes this rapid-fire approach to entrepreneurship viable for internet companies.

"In the past you had to buy a lot of hardware and hire large teams," says Elad Gil, a former Google manager whose company Mixer Labs also takes the shotgun approach.

"It was more difficult to get just one thing up and running. With the different technologies that are available today you can work much more rapidly. You can see what works and what doesn't and move on to the next idea quickly."

Mixer Labs' current projects include a project focused on user-generated content for mobile phones and others focused on a core demographic of teens and twenty-somethings, Mr Gil says.

"We're going to stop at some point once we're sure we've got a really strong portfolio of ideas. We're interested in having some consistent themes that would give us economies of scale."

Mr Gil takes a slightly different approach from that of Ooga Labs when it comes to sharing equity.

"We have a core team which is sharing equity across Mixer Labs," he says. "As things start to scale for a specific product, if we hire people into a product area, we'll give them equity in that area."

The appeal of the shotgun approach to entrepreneurship is not limited to Silicon Valley. Maxtility, a small start-up founded in Cambridge, Massachusetts, by Tim Sullivan and Alex Wissner-Gross, two doctoral students, is following a similar model.

"Space for possible innovation is so vast, the only way to seriously explore it is to crank out as many idea as possible," Mr Sullivan says.

Maxtility's first idea, launched in August last year, was a company called Books on Poster, which printed entire books on a single poster in legible form.

It was hardly a traditional tech start-up, but the company's founders were able to use the money they made by selling the idea to an online advertising company to launch three other internet businesses, including [isonme.com](http://isonme.com), a mobile start-up that was acquired last year.

"We knew after we launched our first product that this was a process we could repeat over and over each time," says Mr Wissner-Gross. "We think we're in a golden age where it's still possible to have great ideas and get them out there."

It is too early to tell whether the ideas being pursued by entrepreneurs taking the shotgun approach will lead to free-standing companies capable of standing the test of time - as opposed to, say, quirky products designed to be acquired by an existing social network or website.

Mr Currier at Ooga Labs says he is confident his team will be able to hire the engineers and install the hardware necessary to scale up successful ideas once they gain momentum.

"We've found the big motivator is when companies are working. You want to get the companies working and then hire the team."

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