

WHAT WENT WRONG?

How a Lack of Passion and Too Few Customers Can Kill a Business

The idea for YouCastr was hatched in mid-2006, during a road trip involving Ariel Diaz, Jay Peak, and Jeff Dwyer. Throughout the ride, the friends bounced business ideas off each other. One idea stuck. How about creating a platform that people could use to provide live commentary for sporting events? It would be fun, the friends thought, for people to watch a sporting event, like a high school football game, and stream their own live commentary across the Web.

Diaz shared the idea with Jeff Hebert, a friend, and within a couple of months he, Hebert, Peak, and Dwyer started building an alpha version of the site. Initially, each member of the group kept his day job, working on the idea, which they dubbed YouCastr, on nights and weekends. Eventually, each quit his job, and the four spent the next three years raising money, opening an office, hiring people, getting YouCastr up and running and pivoting the business. (A pivot is when a business changes course.) Often, start-ups iterate or pivot based on user feedback. YouCastr started as a virtual sports bar where people could chime in audio commentary on televised sporting events. That approach didn't stick. It then pivoted to focusing on enabling people to provide commentary on sporting events that weren't televised, like high school football games. Its final pivot was to expand beyond sports, mainly by de-emphasizing the sports branding on its Web site, by adding a few features geared more toward video producers than ordinary sports enthusiasts. All this time, YouCastr's revenue model called for the firm to take a commission on the sales its site generated. Each person who used the site to provide live commentary of a sporting event would sign up listeners who would pay a small fee to listen to the event.

Ultimately, YouCastr didn't work. In a blog post about YouCastr's failure, Diaz provided five reasons that YouCastr failed, three of which involved either a lack of passion or an absence of customers.

First, the company ran out of money. Despite operating in a very lean manner, toward the end there simply wasn't enough money to continue operating. Second, the market was not there. The underlying assumption of YouCastr's business model is that people would pay for audio and video commentary of sporting events that weren't covered

on radio or TV. As it turned out, not enough people wanted it. YouCastr did find some narrow markets where people would pay, such as high school sports, some boxing matches, and some mixed martial arts events. But these markets weren't large enough to build a sustainable company. Third, the team was ready to move on. The four cofounders started YouCastr because they wanted to do something entrepreneurial—not because they loved broadcasting or loved sports. They weren't the core users of their own product. This made it hard to sustain effort when things got tough. Fourth, they saw no light at the end of the tunnel. They'd guessed wrong about people's willingness to pay to listen to live broadcasts of sporting events, and didn't see any prospects that would change. Finally, three and a half years after that car ride, it was time to call it quits. Although the founders considered themselves to be survivors, they made the tough decision to shut things down and move on.

Questions for Critical Thinking

1. Why do you think Ariel Diaz and his cofounders didn't realize that they were starting a business that they weren't really passionate about? Should that have been a warning sign to them? Describe what you believe are the keys to ensuring that a person is truly passionate about a business idea before moving forward with the idea.
2. Why is passion such a critical component of entrepreneurial success? If people are willing to work hard and dedicate themselves, do you think they can build a successful business without being passionate about their business idea?
3. How could YouCastr's cofounders have better anticipated that people would be reluctant to pay to listen to or watch sporting events that weren't being covered on radio or TV?
4. Do you think YouCastr could have been saved? If so, how?

Source: A. Diaz, "YouCastr—A Post-Mortem," The Ambitious Life Blog, <http://theambitiouslife.com/youcastr-a-post-mortem>, June 3, 2010 (accessed February 28, 2011).

Angry Birds and Zeo

Rovio Mobile (maker of Angry Birds) Web: <http://rovio.com>; Twitter: *RovioMobile*; Facebook: *Rovio Mobile Zeo*
 Web: www.myzeo.com; Twitter: *zeo*; Facebook: *Zeo*

Most everyone is familiar with Angry Birds, the video game in which players use a slingshot to launch birds at pigs stationed on or within various structures. The goal is to destroy all the pigs on the playfield. Inspired by a sketch of stylized wingless birds, the game was first released for the Apple iPhone in December 2009. Since then it has been widely popular and its creator, Finland-based Rovio Mobile, has created versions of Angry Birds for the Android operating system and other platforms. While it's hard to know for sure why Angry Birds has been such a success, it's been praised for its successful combination of addictive game play, comical style, and low price (99 cents per download). Across all platforms, Angry Birds has been downloaded more than 100 million times, making it one of the most successful electronic games in history. In fact, the birds in the game, outfitted with different colors and destructive capability, have become cultural icons. They have been made into plush toys, which sell for \$12 to \$15 each, and Rovio Mobile is thinking about creating a children's cartoon series focused on the birds.

Impressive, isn't it? The company behind Angry Birds, Rovio Mobile, was started in 2003 by three students, Niklas Hed, Jarno Vakevainen, and Kim Dikert, from Helsinki University of Technology (now called Aalto University School of Science and Technology) in Finland. While still in school, the three entered a mobile game development contest sponsored by Nokia and HP. Their entry, a multiplayer game named "King of the Cabbage World," won the contest, which prompted the three to start a company to make mobile games. Incredibly, from 2003 until 2009, Rovio Mobile produced 51 electronic games, none of which were a hit. Angry Birds was its 52nd release. To say that the three entrepreneurs were persistent is a true understatement!

The same year Rovio Mobile started, Jason Donahue and Ben Rubin, two students at Brown University, launched Zeo, formerly known as Axon Labs. Looking for ways to fight grogginess and help people feel more alert, Donahue and Rubin found that the stage of sleep from which a person awakens has a major effect on how that person feels during the day. So Zeo was launched to help people track the quality of their sleep and awaken at the ideal time. To do this, Zeo created an alarm clock and related accessories that monitor sleep states. The state of sleep is detected by a headband that the user wears while sleeping. A bedside base unit monitors the state of sleep and awakens the sleeper during the last light sleep before the desired waking time. A complementary personal sleep coaching service, in the form of a Web-based platform, helps users measure and analyze

their sleep patterns, and makes recommendations for how to improve the quality of their sleep.

The Zeo system is dependent on both software and hardware, both of which were built from scratch by Donahue and Rubin. An initial prototype was built, and the two then started cold-calling entrepreneurs in their area who had built a physical product to get their advice on how to proceed. One person they targeted was Colin Angle, the CEO of iRobot, the maker of the popular Roomba robotic vacuum cleaner. Getting Angle on the phone wasn't easy. Donahue and Rubin called a number of times and got to know Angle's secretary. They were repeatedly told he wasn't available, but were polite, and always asked if it was okay to call again. One day, while driving home from a meeting, they tried again and boom—their call was put through. They got five minutes of Angle's attention and convinced him to meet with them. Angle eventually became a Zeo adviser and then a board member, and was instrumental in introducing Donahue and Rubin to Chinese manufacturers who now produce the hardware portion of Zeo's products. Donahue and Rubin have publicly commented that Zeo wouldn't have been possible without Angle's involvement and advice.

Questions for Critical Thinking

1. Contrast Rovio Mobile with YouCastr, the company featured in this chapter's "What Went Wrong" feature. Why do you think Rovio Mobile survived and is now thriving while YouCastr failed?
2. Why do you think Angry Birds has been so successful?
3. Do you think you'd be able to "hang in there" as long as the founders of Rovio Mobile did? Would you have been able to keep picking up the phone and calling Colin Angle's office, even after being repeatedly told he wasn't available? What are the keys to remaining "tenacious" when things take longer than planned?
4. Although the case doesn't provide specific information to help you answer these questions, give them a stab anyway. Why do you think the founders of Rovio Mobile stuck with their company as long as they did? Wouldn't it have made perfect sense for them to throw in the towel before they got to release number 52, which turned out to be Angry Birds? Similarly, why do you think Donahue and Rubin kept calling Colin Angle?

Sources: A. Warner and B. Rubin, "Benjamin Rubin (Zeo)," Mixergy Podcast, www.mixergy.com, January, 3, 2011 (accessed March 11, 2011); A. Moen and N. Wingfield, "Angry Birds Raises \$42 Million," *Wall Street Journal*, March 3, 2011, B1.