

Entrepreneurs learn the rules of the game

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Two years after starting Vostu.com, a game manufacturer for social networks, the founders had gone through three different versions of their idea.

In 2007, they had envisioned a Latin American social networking site, then a platform to host other social networks, but by 2009 they had turned to social games. "It was really difficult to monetise down there [in Latin America]," says Joshua Kushner, the company's 25-year-old chief strategy officer and one of three founders. "So we pivoted to gaming."

But four years after its initial launch, Vostu is making the right moves. It has grown to almost 400 employees from the 12 it had less than two years ago, the majority of whom help to engineer and design the games in the Buenos Aires office (the company also has offices in New York and São Paulo). The company now makes social games such as farming, soccer and café management, which can be played on Orkut, [Google's](#) answer to Facebook and a social networking site popular in Brazil and elsewhere in Latin America.

Vostu's social games allow people to use real money for virtual goods associated with the games, with users paying cash for Vostu coins at local stores or via SMS messages on their mobile phones. The company is compared with Zynga, a company that offers game applications such as *FarmVille* on Facebook.

Two of the co-founders, Daniel Kafie and Mario Schlosser, met as classmates at [Harvard Business School](#) and graduated in 2007. Mr Kushner, who met Mr Kafie as an undergraduate, will complete his MBA at HBS this year. The three MBAs were first drawn to each other because they share the same entrepreneurial dream. Facebook, which started as an Ivy League social network at Harvard, was the inspiration for both Mr Kafie and Mr Kushner, who were students at the university at the time.

Mr Schlosser, Vostu's chief scientist, who focuses on technology and development, says he was looking to meet start-up partners and enrolled at HBS after researching theoretical concepts in self-organising networks at [Stanford University](#).

"I came with a very specific goal of doing something entrepreneurial," says the 32-year-old, who had been willing to drop out of business school if the right opportunity came along.

The founders say their HBS experience influenced many of the ideas for the company and supplied them with a basis for strategic thinking. Their HBS professors weighed in with advice on anything from where the company should be domiciled to which market to target.

All three founders state that cases on Brazil were an inspiration.

"If you have focus on a big market, it doesn't matter what you're doing because you're going to find something that works because the market is big," says Mr Kafie, the company's 28-year-old chief executive. Vostu has 22m active monthly players, with more than 25 per cent of Brazil's internet users playing Vostu's games, according to the founders.

At HBS, as many students were ushered between banking and consulting recruiting events, Mr Schlosser remembers feeling overwhelmed when considering a less secure post-MBA path. He spent two years at a hedge fund, working at Vostu part-time while the gaming company searched for ways to make money, before returning to the start-up full time.

"It's hard to tell yourself you have to interrupt this [steady job] with the uncertainty of doing something by yourself," he says. At HBS, he points out there was considerable "emphasis on taking the big job or following what other people have done".

As entrepreneurs, the trio say they have had to find their own way in the technology world and learn how to apply lessons from business school to their own start-up.

Much of the HBS infrastructure is set up to help those who are pursuing established career paths.

“A lot of people walk into a programme like HBS thinking you’ve got it made for you and those are the people that end up in hedge funds and investment banking and consulting firms,” Mr Kafie says. “It’s very different to walk in there and say: ‘Hey, I’m here to meet really interesting people and to see if there’s an opportunity for me to work on some sort of entrepreneurship idea.’”

While many of the business cases presented in class discussed what it was like to run top companies or work through serious business dilemmas, Mr Schlosser points out that he wanted cases that showed what it was like to fail, as entrepreneurs often do.

“HBS very rarely highlights or removes the fear from the failure aspect of entrepreneurial endeavours,” he says.

The founders took several HBS entrepreneurship courses but say that it was Vostu’s own difficulties in finding a viable profit model in a new market that helped the company to find its way.

For Mr Kafie, the most valuable lessons were learnt outside the classroom. “Entrepreneurship is not about being smart, analytical [or] being the best in one field. It’s about being persistent.”

Persistence has paid off. The Vostu founders have raised almost \$50m from Silicon Valley’s most prominent venture capital firms, such as Accel Partners and Tiger Global, but are not spending the cash they have raised. Vostu is making a profit, say the founders, although they are reluctant to disclose figures.

Since launching the company, the trio are also getting in touch with other HBS students or graduates who wish to follow an entrepreneurial path. Some have contacted the founders and they have hired several HBS alumni. Mr Kushner, who commutes between Vostu’s New York headquarters, the HBS campus in Boston and San Francisco to meet venture capitalists and keep abreast of the latest technology on an almost weekly basis, says he sometimes interviews students on Harvard’s campus between his own classes.

Nowadays the trio is working to keep up with future growth and focusing on developing new games in their Latin America-based game creation studios.

“We got there in three years’ time, which I don’t think is too bad for a start-up,” says Mr Kafie.

Forgoing work experience in favour of learning

Unlike most MBA graduates, two of Vostu’s three founders, Daniel Kafie and Joshua Kushner, did not acquire several years of work experience before going to business school.

Instead, both were accepted at HBS in their senior year of college by the age of 23. Mr Kafie says going straight to business school meant that after graduating from HBS he did not feel as pressurised to climb the career ladder in a less risky job such as banking or consulting and felt freer to pursue an entrepreneurial venture.

The founders say they learnt about other industries from their classmates. “As the youngest person in my class, I never felt excluded,” says Mr Kafie.

“I’ve just been exposed to incredible people from all different walks of life,” says Mr Kushner, who deferred his acceptance to HBS by a year to work in private equity.

While attending business school with little or no real-world experience can seem like a good bet for younger students, business schools are becoming more reluctant to accept these applicants. Other more seasoned students, can resent rubbing shoulders with younger students without work experience or contacts.

Since the 1990s HBS has slowly moved away from accepting students straight from undergraduate school. This is the first year that the business school class does not have any students who enrolled directly after graduation, says Deirdre Leopold, admissions director.

She points out that when learning using the case method, having some real-world experience is best. “You are looking at stories about companies and everyone needs to bring their own experience and their own perspective to these situations,” says Ms Leopold. “The positive outcome for a college senior is deferred admission.”

The HBS programme 2+2 started more than two years ago and accepts students after their junior year of college, but requires two years of work experience before students can start the course.

Still, deferring or denying admission to young applicants could be a tough call for schools seeking more entrepreneurs. For some younger students, waiting a few extra years to attend business school can mean that by the time they graduate they are unwilling to take on the risk of a start-up.

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