



**QUIT YOUR JOB
AND BECOME AN
ENTREPRENEUR**



ABOUT CAPITAL FACTORY

Capital Factory is the center of gravity for entrepreneurs in Austin. In 2015, more than 50,000 entrepreneurs, programmers and designers gathered day and night for meetups, classes and coworking. We meet the best entrepreneurs in Austin and introduce them to their first investors, employees and customers. We have a series of matching funds so that if a startup can convince 2 of our mentors to invest personally it can unlock hundreds of thousands of dollars in additional automatic funding.

“ FOREWORD

It started with the global economic meltdown of 2008. There was a feeling of helplessness because of macroeconomic events happening outside of our control – but also a feeling of opportunity because when things are down the only way to go is up.

The Austin startup scene was in its infancy, with very little organized support for new companies or sense of community. It was a “good ol’ boys” network and if you didn’t already know people it was hard to get a break.

At the same time, the cost of creating a tech startup was dropping dramatically. All of the major costs were trending to zero – hardware was replaced with the cloud, software with open source, and broadcast advertising was replaced with online display and social media. This democratized startups making it possible for almost anyone to become an entrepreneur.

Capital Factory was fortunate to start in the right place at the right time and grow with Austin’s rising tide. Here are some of the stories of the people who were impacted most.

Enjoy!

Joshua Baer



IN THE BEGINNING...



FROM

JOSHUA BAER

It was the fall of 2008 and I had just started working on OtherInbox a year prior. There wasn't a startup community in Austin—just one group called Bootstrap Austin that met monthly and had a handful of real entrepreneurs there like Brett Hurt and Neelan Choksi.

Y Combinator and Techstars had started a year before, and as soon as I heard about them I wondered why Austin didn't have anything like that. I drew from my days at Trilogy University in 1999 and the Survivor-style bootcamp that we went through, and combined that with some advice from Brad Feld to design the initial program and structure.

The first person I talked to about the idea was Bryan Menell, because he ran the popular blog, [AustinStartup.com](#), and was a good friend. The next person I talked to was Brett Hurt, but he was laser-focused on Bazaarvoice and suggested I talk to Sam Decker. The three of us became the first Capital Factory directors.

We planned the program and recruited the mentors in January and February, and then launched officially in March, 2009 – right before SXSW.



“ **Jason Cohen:** I still have that shirt. And people still ask how to get \$20,000 for their startup. (That prompt was on the back of the shirt.) Of course, now you get more than that!

One of the first events we held to meet entrepreneurs was an information session at Conjunctioned, the only coworking space in town at the time, and the place where all of the cool kids hung out.

Jason Cohen, Ian Clarke, and Marc Yagjian all attended as mentors, and there were probably another 20 or 30 others (including the Infochimps).



FROM

BRYAN MENELL

Josh Baer and I had been discussing how several people had been talking about creating a program in Austin similar to Y Combinator, but nobody seemed to actually be taking any action.

At a tech event that we were both attending one afternoon, Josh was on his laptop and showed me two Google Docs that he was working on. One of them was the financial model that eventually became the 20/20 plan where we gave each company \$20,000 in cash and \$20,000 in services. The other was the initial mentor list.

We made a list of every person we knew in Austin that we thought would be a good mentor. It had to be someone who had founded a company, helped it grow over time, and eventually had a successful exit. We felt that experience in the entire lifecycle was vitally important. Next we took the list and stack-ranked it with the most desired mentors at the top of the list.

At some point, we divided up the list and started calling from the top down until we had 17 more who said yes. Those 17 mentors, plus Josh, Sam, and myself, were the 20 that made the first program happen.

In March of 2009, in the midst of SXSW, Brad Feld (of Techstars) agreed to meet us in Josh's office at the Omni to talk about our vision for Capital Factory. I had never met Brad before, only read his insightful blog posts. I don't think Josh had ever met him in person before either. What followed was amazing.

Most people would be protective of their ideas, secret sauce, and key insights that made their program so successful. Not Brad. It was like he gave us a two-hour master class on how to create a successful startup accelerator program.

We just took notes and soaked it all up: the top three things we should do first; the list of things we should absolutely not do; the things we'll be tempted to do that we shouldn't; how to structure the schedules; the importance of pitch practice.

I would venture to guess that he saved us a lot of embarrassment and heartache, and the companies from that first class were the direct beneficiaries of his wisdom.





FROM

RUSSELL HINDS

ARE YOU CRAZY?

I'm remembering a day I think it was back in early 2012. I got a text from Josh Baer saying, "Let's meet -- I want to show you something." I'm supposed to go to the 16th floor of the Omni building, which I'm pretty sure is completely vacant, but OK, it's Josh; let's see what he's up to. I get there and can't get to the floor. The guard at the ground floor says I need an escort. I explain and he says, "OK," and scans his card to let me gain access to the 16th floor. I get there and it's completely empty, so I start wandering around. Eventually I see Josh, but he's touring someone and he'll be right with me. Eventually we connect and he spins this tale; a tale about being the center of the Austin startup world, the space filled with desks, meetings every day in this big empty room, and company logos on the walls and floor. And I'm thinking, "Man are you nuts; that's a pretty big vision." But no, he's already got investments lined up and a lot of interest. I'm thinking this is one of those deals where if I don't invest and things turn out like he says, I will be really upset. And I guess another part of me really wanted to believe, and to throw in to support the potential for this thriving vision of an Austin startup community. Well, you know what happened—it came to pass, and I think Capital Factory surpassed everyone's expectations.



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