

Schoolwide News

Magic, ebooks, and an MBA

Why this unique combination worked for one MIT Sloan student

By Sarah Foote

Chris Wasshuber, MBA '06, has always enjoyed magic as a hobby. While he was in college in his native Austria, he put on shows and performed at various types of parties to supplement his income. As he grew older and sought to expand his repertoire of illusions and tricks, he looked to buy books that would enable him to enhance his show and allow him to invent new tricks as well. He quickly found that there was not much digital content available and the internet had little to offer in the way of resources for magicians. Chris and his friends were willing to pay for the ebooks, but they simply could not find any. Chris set out to change all of that and built his own web site for magicians with a wide variety of books ready to download. Now with his web site www.lybrary.com continually expanding with numerous hard to find offerings, Chris has not only grown his selection of magic books, he has expanded into games and gambling books. He estimates that [lybrary.com](http://www.lybrary.com), named so with the help of his wife, lists 95 percent of all electronic magic literature available, including many out-of-print books.

As he nears the end of his two years here at MIT Sloan Chris is toying with the idea of working on the site full-time, searching for a full-time job in digital media or high-tech at a start up or venture capital firm in the Boston area, or returning to Texas Instruments where he previously worked. Chris, who has three degrees from



Chris Wasshuber, MBA '06, shows off his e-commerce site, www.lybrary.com, which features digital books on magic and games.

Technische Universitaet Wien in Austria, moved to the United States over eight years ago to work for TI as a process engineer. There he worked on micro-processors for items such as Nokia cell phones. "It was a great place to work with lots of great technical people moving into management. There were a lot of patents being filed at the time," says Chris. His interest in innovation and investing led him to MIT Sloan, where he says Julie Strong of MBA Admissions sold him on the School. To say Chris is happy with his selection of programs would be understatement. "MIT Sloan feels like the right place for me. I like being close to technology and entrepreneurship. It's a good fit," says Chris.

Chris has taken several classes that have had a direct impact on how he does business with [lybrary.com](http://www.lybrary.com). He says that his marketing class with Duncan

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We welcome story ideas, photos, suggestions, and comments from students, faculty, and staff.

Please send items to: Sarah Foote, Editor, news@sloan.mit.edu.

Deadline: 12 p.m. Thursday for publication the following week.



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Simester was especially helpful with pricing techniques. "Professor Simester mentioned a few psychological quirks to pricing that I implemented right away. He mentioned that putting credit cards logos on a web site or in print or tv advertising induces people to buy. Research shows that there is a higher conversion rate when the logos are displayed. I went home that night and put the logos on my web site. I also took his suggestion on pricing into consideration. Prices that end in nine, such as \$39.99, subconsciously communicate a sale. Although it is a higher price, you see more demand because there is a subconscious illusion, if you will, that helps," says Chris, who implemented the change on one of his best-selling books that he had listed at \$35. He says that when he increased the price to \$39 sales did not decrease and stayed relatively the same.



In between honing his magic and business skills, Chris has taken helicopter flying lessons.

Chris created lybrary.com in 2000 to reach out to the small community of magicians, which number just 20,000 world-wide. Chris liked the innovative aspect of magic; always searching for a new trick or way to enhance an older trick. He says that magicians have always used innovation and technology to perform tricks. "The forefather of cinema, the *laterna magica*, was invented and presented by magicians. Tricks with electro-magnets were used before people knew a lot about electricity. They weren't familiar with the technology and were easily fooled," says Chris. "Some of magic's principles are very technical, mathematical, and innovative and that's why I like it."

Chris says that his classes have been all the more meaningful to him because he can apply the strategies he has learned to his company

right away. One of his class projects included creating an advertising campaign with his teammates. Chris convinced his classmates to use his web site as the test company. "Developing the campaign reinforces the important concepts that you learn. It helps you understand your business better. I believe that these things will stay with me the rest of my life," says Chris, adding, "I have taken away so much more because I have my own business to apply all these concepts to."

Industrial Economics for Strategic Decisions (15.013) with Professor Pindyck was another class Chris found extremely helpful for his e-business as it tied together several themes and strategies of his other classes, but it also taught him fundamental principles that he will use the rest of his career. Managing Innovation and Entrepreneurship (15.351) with Professor Von Hippel was another class Chris said "opened his eyes" because everything he learned was new. Chris felt that the class was important because it was at the forefront of research that not many people are familiar with or understand.

While Chris was collecting magic tricks and knowledge he wanted a way to search on specific information in his growing library of books. He saw this need and realized that no one was fulfilling it, and with scanners being fairly inexpensive along with Optical Character Recognition (OCR) software available to help him do the job. Chris set out to scan his library of magic books for himself. When he showed his first attempts to his friends they said they wanted electronic copies of the books as well. With no web site dedicated to magic books, Chris thought to himself, 'why not?' With just a \$10 investment made to register the business name and another \$10 to purchase the domain name, Lybrary.com was created and an immediate success in terms of a few people buying the books online. Early on Chris received lots of great feedback from his customers -- and continues to, to this day. He now has authors send him manuscripts to sell on his site. He actively searches out other authors and negotiates deals with them to put their books on his site. Chris also searches out great magic books that are out of print and don't have a large enough market to warrant a re-printing. He then negotiates deals with the publisher to purchase the rights to them and puts them up on his web site. Chris has now become the world's largest electronic publisher and retailer of magic books, with over 2,000 customers receiving his e-newsletter. *Continued on page 3*

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Keeping a large inventory of books is not a problem for Chris, even if he sells just a couple of copies of a certain title a year. Since everything is online, he needs no storage space, and his overhead is minimal because there are no shipping fees for ebooks. With selective marketing, Chris has been able to revive some old magic books that are hard to find. Realizing that magic is a small market, Chris has recently expanded into books on games and gambling. He sees a connection between the two, as both use cards, coins, dice, and chips in tricks and games as well as a few authors write for all of these subjects. He is currently working with some authors to bring chess, bridge, and poker books to his e-company site. Chris admits to rejecting some books, particularly gambling books, because he did not think the content was appropriate or accurate.

Chris believes that starting a small company prior to attending MIT Sloan or starting one with a few classmates at the beginning of the MBA program would be beneficial to all students. He sees it as a testing ground where students can experiment without the fear of

failure. As he notes, if the company web site doesn't work or becomes too much work, students can always opt to pull it down from the internet. Pride in ownership will make the students want the company to succeed, says Chris. "It would help pull the Core together for students, as well as give them an opportunity to write a business plan. It might be a good kick-off for \$100K companies as well," says Chris. Chris also acknowledges that his classmates have given him some of the best advice and feedback regarding lybrary.com that he could ever receive – valuable constructive criticism that he says he immediately implemented.

As for now, Chris is finishing up his classes. His plans for post-commencement are still being worked out-- ideally he would like to stay in the Boston area. He has to decide whether or not to work on lybrary.com full-time, work on it part-time, or seek another position. He recently turned down an offer to sell the company because he would like to continue building and growing the site for the next few years. E-company or venture capital, we know Chris' future will be magical.

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– Chris Wasshuber, MBA '06, magician, and e-retailer

Private Equity Symposium

The 3rd Annual MIT Sloan Private Equity Symposium will take place on Friday, May 5, at the Charles Hotel (Harvard Square) in Cambridge, Massachusetts. The theme, A Winning Formula Driving Success in Private Equity through Operations, recognizes that today's top private equity firms must differentiate themselves both operationally and financially to generate superior returns for their investors.

Jon Luther, Chairman and CEO of Dunkin Donuts, will provide the morning keynote address. David M. Rubenstein, Co-founder of The Carlyle Group, will provide the lunch keynote address. Bill Janeway, Vice Chairman of Warburg Pincus, will provide the afternoon keynote address.

The Symposium is organized around three tracks, and will be structured for nine panel discussions, providing a forum for

senior professionals and MIT professors to share their views on topics such as General Partner and Limited Partner Relationships, Operations, Distressed Investing, Structuring and Exiting Transactions, and the convergence of Hedge Funds and Private Equity. Attendees will also gain insight into industry developments from the rise in cross-border investments to how firms differentiate themselves in the increasingly competitive industry of private equity investing.

For more information and to register for the Symposium please visit <http://www.mitvcpe.com/symposium/>.



Summer Internships in India Available

The MIT-India Program invites applications from MIT Sloan graduate students for 2006 summer internships in India. Four slots are available for all expenses paid 8-10 week internships (airfare, visa, health insurance, accommodation, plus stipend of USD 1500) to implement Open Course Ware courses at

the Institute for Financial Management and Research (IFMR), Chennai, India, planning courses 15.347 and 15.348 (Doctoral Seminar in Research Methods I and II) with IFMR faculty, and teaching IFMR students.

The actual work involved would be approximately four *Continued on page 4*