# Entrepreneurship

## Master Guide Book

67 Executive Book Summaries

279,635 Words Combined

From Soundview Executive Book Summaries

Complete Entrepreneurship Collection

summary.46.jugaar.ai

# · Entrepreneurship Guide

## Table of Contents


1. 2916 Citizen Marketers.qxd
2. 3318 Eat People.qxd
3. 35-30 What Keeps Leaders Up At Night
   Soundview Executive Book Summaries
4. 38-03 - Content Inc.
   Soundview Executive Book Summaries
5. 40-
   Soundview Executive Book Summaries
6. 916 Citizen Marketers.qxd
7. Another Way
   Dave Whorton and Bo Burlingham
8. Anticipate Failure
9. At the Corner of Destiny and Ingenuity
   Paul Owhadi
10. Believe in Better
    Damon Stafford
11. Big Enough
    Lee Lefever
12. Breakout Blueprint
    Doug Foley
13. Broken to Better
    Michael Kurland
14. Built, Not Born
    Tom Golisano
15. Buy Back Your Time
    Dan Martell
16. Coach Builder
    Donald Miller
17. Custom-Fit
    Kate Morgan
18. Don·t Look Down!
    Bob Campana with Niles Howard
19. Elon Musk
    Walter Isaacson

# Entrepreneurship Guide · Table of Contents (continued)


20. Entrepreneurial Leadership
    Joel Peterson
21. Fail Fast or Win Big
    Bernhard Schroeder
22. Featured Book Review
23. Fix This Next
    Mike Michalowicz
24. From Tailspin to Tailwind
    Buddy Teaster
25. Game-Time Decision Making
    David Meltzer
26. Gigworker
    Brett Helling
27. Give First
    Brad Feld
28. Hoover's Vision
    Gary Hoover
29. How to Grow Your Small Business
    Donald Miller
30. Human Design for Business
    Jamie L. Palmer
31. Let Me Save You 25 Years
    Shawn D. Nelson
32. Levers
    Amos Schwartzfarb and Trevor Boehm
33. Life Profitability
    Adii Pienaar
34. Lost in Startuplandia
    E. Keller Fitzsimmons
35. Million Dollar Weekend
    Noah Kagan
36. Never Bet The Farm
    Anthony L. Iaquinto and Stephen Spinelli...
37. Off the Ground
    Case Lawrence
38. One Venture, Ten MBAs
    Ksenia Yudina

# Entrepreneurship Guide · Table of Contents (continued)


39. One to Ten
    Rags Gupta
40. Overcoming Impossible
    Robert Irvine
41. Pattern Breakers
    Mike Maples, Peter Ziebelman
42. Seeing Around Corners
    R. Christopher Whalen
43. Shoe Dog
    Phil Knight
44. Simple Scaling
    Rendan McGurgan, Claire Colvin
45. Small Business Turnaround
    Marc Kramer
46. Small Giants
    Bo Burlingham
47. Start. Scale. Exit. Repeat
    Colin C. Campbell
48. Strategic Partnerships
    Robert L. Wallace
49. Survive and Thrive
    John Meese
50. Take a Chance
    Larry Gaynor
51. Tech Confidential
    Denise Koessler Gosnell
52. The Art of the Start
    Guy Kawasaki
53. The Diary of a CEO
    Steven Bartlett
54. The Hard Thing About Hard Things
    Soundview Executive Book Summaries
55. The Lean Startup
    Eric Ries
56. The Minimalist Entrepreneur
    Sahl Lavingia
57. The Nuclear Effect
    Scott Oldford

# Entrepreneurship Guide · Table of Contents (continued)


58. The Pumpkin Plan

59. The Responsible Entrepreneur
    Soundview Executive Book Summaries

60. Thirteeners
    Soundview Executive Book Summaries

61. Unlock
    Matt Hulett

62. Vision to Reality
    Curtis L. Jenkins

63. Who Not How
    Dan Sullivan

64. Without a Doubt
    Surbhi Sarna

65. You Are the Brand
    Mike Kim

66. You are a Mogul
    Tiffany Pham

67. Zero to One
    Peter Thiel

· Book 1 of 67 ·

# 2916 Citizen Marketers.qxd

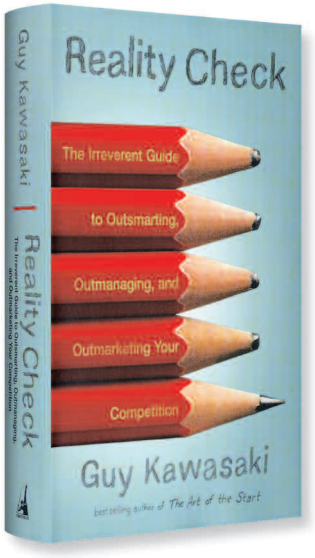
February 2009

SOUNDVIEW Executive Book Summaries®
www.summary.com

Management: Hands On

# Reality Check

## The Irreverent Guide to Outsmarting, Outmanaging, and Outmarketing Your Competition




by Guy Kawasaki

### THE SUMMARY IN BRIEF

For a quarter century, in his various guises as an entrepreneur, evangelist, venture capitalist, blogger and guru, Guy Kawasaki has cast an irreverent eye on the dubious trends, sketchy theories, crackpot jargon, and outright foolishness and sloppiness of what so often passes for business today. Too many people frantically chase the Next Big Thing only to discover that all they've made is the Last Big Mistake.

*Reality Check* provides a tweaked, updated and supplemented collection of the best of everything Kawasaki has done and seen that pertains to starting and operating a great organization. He focuses on the stages of the creation and operation of an organization, but readers can apply the lessons to all stages of an organization's life span.

Kawasaki offers readers a unique guide for starting and operating great organizations — ones that stand the test of time and ignore any passing fads in business theory. *Reality Check* collects, updates and expands the best entries from Kawasaki's popular blog, and features his inimitable take on everything from the art of branding to how to be a great moderator to how to drive your competition crazy.

In this summary, you will learn the tools that can make a 21st-century organization soar.

### IN THIS SUMMARY, YOU WILL LEARN:

- How to raise money to fund your business.
- The truth behind hiring and firing.
- Three keys to the art of branding.
- How to master five valuable principles of innovation.
- How to create a community around an innovative product or service.

### CONTENTS

**The Reality of Starting**
Page 2

**The Reality of Raising Money**
Page 2

**The Reality of Planning and Executing**
Page 3

**The Reality of Innovating**
Page 4

**The Reality of Selling and Evangelizing**
Page 5

**The Art of Creating a Community**
Page 6

**The Reality of Competing**
Page 7

Published by Soundview Executive Book Summaries, P.O. Box 1053, Concordville, PA 19331 USA
© 2009 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.
Concentrated Knowledge™ for the Busy Executive • www.summary.com
Vol. 31, No. 2 (2 parts), Part 1, February 2009 • Order #31-04

# THE COMPLETE SUMMARY: **REALITY CHECK**

**by Guy Kawasaki**

**The author:** Guy Kawasaki is a founding partner and entrepreneur-in-residence at Garage Technology Ventures and a columnist for *Entrepreneur*. He is also the co-founder of Alltop.com, an "online magazine rack" of popular topics on the Web. Previously, he was an Apple Fellow at Apple Computer Inc. He is the author of eight books, including *The Art of the Start, Rules for Revolutionaries, How to Drive Your Competition Crazy, Selling the Dream* and *The Macintosh Way.* He has a B.A. from Stanford University and an MBA from UCLA, as well as an honorary doctorate from Babson College.

*Reality Check: The Irreverent Guide to Outsmarting, Outmanaging, and Outmarketing Your Competition* by Guy Kawasaki.
Copyright © 2008 by Guy Kawasaki. Summarized by arrangement with Portfolio, a member of Penguin Group (USA) Inc.
474 pages, $29.95, ISBN 978-1-59184-223-1.

Summary copyright © 2009 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY, 1-610-558-9495.

For additional information on the author, go to http://www.summary.com.

## The Reality of Starting

Flailing, grinding, thrashing and getting lucky are why companies succeed. Not knowing you're doing something that's "impossible" helps too.

It is unproven entrepreneurs who start the great world-changing companies such as Hewlett-Packard, Apple, eBay, Microsoft, Google, Yahoo and YouTube.

### The Inside Story of Entrepreneurship

Successful entrepreneurs can't be convinced that any other startup has their troubles, because they constantly compare the triumphant launch parties and revisionist histories of successful companies to their own daily struggles. Just so you know you're not alone, here's a top-five list of the realities of startups:

1. **True believers go nuts at the slightest provocation.** The best people at a startup care too much.
2. **Good people need big projects.** If you aren't doing something worthwhile, you can't get anyone worthwhile to work on it.
3. **Startups are freak catchers.** To join a startup, to leave a Microsoft, you have to be fundamentally unhappy with the way things are and unrealistic enough to believe the world can change.
4. **Good code takes time.** To make something elegant takes time, and the cult of speed sometimes works against that. "Make haste slowly."
5. **Everybody has to rebuild.** Don't get discouraged or shortsighted. Just rebuild it. This is simply how things work.

Starting an organization is a wonderful experience, but it's also a difficult and scary one. If it were easy, more people would do it, and that would mean more competition. Also, only the things that scare you make you stronger. ●

## The Reality of Raising Money

The closest real-world analogy to raising money, whether you are seeking it from venture capitalists, angel investors or the three F's (friends, fools and family), is speed dating. That's right: In five minutes, people decide if they are interested in you, just as in bars and nightclubs. This isn't right, and it isn't fair, but it's reality.

### The Investor Wish List

You may never try to raise money from a venture capitalist, but you'll probably have to raise money from someone to fund a business. Two pieces of advice before you begin:

- First, don't confuse fundability with viability. Only a few thousand companies a year raise venture capital. These companies are "fundable" in the sense that they have fooled a venture capitalist into believing that they can achieve sales of at least $100 million per year within five years. Thousands of other companies failed this fundability test — or, more likely, didn't bother trying to raise venture capital.

  Many of these companies are perfectly viable; they simply aren't fundable, because they probably won't achieve sales of $100 million/year,

SOUNDVIEW **1-800-SUMMARY** **service@summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions: $209 per year in the United States, Canada and Mexico, and $295 to all other countries. Periodicals postage paid at Concordville, Pa., and additional offices.

**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2009 by Soundview Executive Book Summaries.
**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Andrew Clancy**, Senior Editor; **Christine Wright**, Senior Graphic Designer; **Chris Lauer**, Contributing Editor

which is what venture capitalists are looking for. This applies to restaurants, bookstores, consultancies, blogs and design firms. Venture capitalists are trying to fund the next Google, Apple, Microsoft, Cisco and YouTube. Venture capitalists are not trying to help you build a nice $10 million business. However, angels, friends, fools and family might think this a whopping success.

- Second, don't ask any potential investor to sign a nondisclosure agreement (NDA), because asking him/her to do so will make you look clueless. Venture capitalists and angel investors are often looking at three or four similar deals, so if they sign an NDA from one company and then fund another, they expose themselves to legal action.

### The Art of Executive Summary

Your executive summary is probably the most important document you will write for your company. You send it to the investor after the introduction in order to get a meeting and to determine if there is any investor interest. If it works, the potential investor will contact you to set up a meeting. The components of an effective executive summary are:

1. **Problem.** What pressing and important problem are you solving or opportunity are you addressing?
2. **Solution.** How are you solving this problem or tapping this opportunity?
3. **Business model.** Who are your customers and how will you make money?
4. **Underlying magic.** What makes your company special?
5. **Marketing and sales strategy.** What is your go-to-market strategy?
6. **Competition.** With whom do you compete? What can you do that they can't? What can they do that you can't?
7. **Projections.** What are your financial projections for the next three years? What are key assumptions and metrics to achieve these projections?
8. **Team.** Who is on your team? Why are they special?
9. **Status and time line.** Where are you now and what are the major, close milestones?

Your executive summary should not exceed two pages in length, because its purpose is to sell, not describe your company. Indeed, if it takes you more than two pages to sell your idea, your idea isn't very good.

Spend a good couple of days on this, because your executive summary is the foundation of a successful fundraising campaign. ●

## The Reality of Planning and Executing

If you think that raising money is the hard part, you're in for a surprise. Raising money is easy and fun. The real work begins when you have to deliver the results that you promised. Execution separates great companies from great ideas.

### The Zen of Business Plans

In order to effectively write a business plan, you need to learn the Zen of writing business plans. This includes:

- Focus on the executive summary. This is the most important part of a business plan.
- Write for all the right reasons. The business plan should force the management team to solidify the objectives (what), strategies (how) and tactics (when, where, who).
- Make it a solo effort. One person, ideally the CEO, should do the actual writing of the plan.
- Pitch, then plan. The correct sequence is to perfect the pitch and then write the plan from it.

### The Art of Execution

In the movie *The Candidate,* Robert Redford's character mouths "Now what?" after he gets elected. Most entrepreneurs ask the same question after they get funded. The answer is "Now you have to deliver." And the next question is "How do we deliver?" This is where the art of execution comes in:

- **Create something worth executing.** If you and your team are having a hard time executing, maybe you're working on the wrong thing.
- **Set goals.** Not just any kind of goals, but goals that embody these qualities: measurable, achievable, relevant and rathole resistant. Ensure that your goal encompasses all the factors that will make your organization viable.
- **Postpone, or at least de-emphasize, touchy-feely goals**. As soon as you start missing the measurable goals, all the touchy-feely stuff goes out the window.
- **Communicate the goals.** For goals to be effective, they have to be communicated to everyone. ●

# The Reality of Innovating

Many people think that innovation is easy: You sit around with your buddies and magical ideas pop into your head. Or your customers tell you what they need. Dream on. Innovation is a hard, messy process with no shortcuts. It starts with making something that you'd like to use that has meaning, and it gets both easier and harder from there.

## The Art of Innovation

Management guru Peter Drucker wrote, "Innovation is the specific instrument of entrepreneurship…the act that endows resources with a new capacity to create wealth." He was right: Innovation is what creates wealth. Innovation had better create wealth, because it's so damn hard to do. Here are several principles of innovation learned in the trenches:

1. **Build something that you want to use.** People start companies because they want to use the products or services that they are creating. So if you want to be innovative, create what you want to use.
2. **Make meaning.** Great innovations enable people to do old things better, do things they always wanted to do and do things they never knew they wanted to do.
3. **Jump to the next curve.** True innovation occurs when companies jump to the next curve — or better still, invent the next curve.
4. **Don't worry, be crappy.** Don't worry about shipping an innovative product with elements of crappiness. If a company waits until everything is perfect, it will never ship and the market will pass it by.
5. **Churn, baby, churn.** The last thing employees want to deal with is complaints about their perfect baby. Innovation is not an event. It's a process.

These are five cornerstones of innovation, but innovation can be boiled down to one challenge: Do not rest until you make meaning and jump curves.

## The Sticking Point

When asked "What separates ideas that stick from those that don't?" Chip and Dan Heath, co-authors of *Made to Stick,* explained, "We found that there were six principles (SUCCES) that link sticky ideas of all kinds. Sticky ideas won't always have all six, but the more, the merrier.

"For example, JFK's idea to put a man on the moon in a decade had all six of them." Here's how:

**a. Simple.** A single, clear mission.

**b. Unexpected.** A man on the moon? It seemed like science fiction at the time.

**c. Concrete.** Success was defined so clearly — no one could quibble about man, moon or decade.

**d. Credible.** This was the president of the United States talking.

**e. Emotional.** It appealed to the aspirations and pioneering instincts of an entire nation.

**f. Story.** An astronaut overcame great obstacles to achieve an amazing goal. ●

# The Reality of Marketing

Everybody wants to be the vice president of marketing, because you get to do the fun stuff: shuck and jive with the beautiful people, create fun marketing campaigns, drive German cars and pierce parts of your body. If only this were the reality of marketing. More accurately, marketing is the process of convincing people they need your product or service. That's not so easy.

## The Art of Branding

In the real world, you don't have infinite resources, you don't have a perfect product and you don't sell to a growing market without competition. You're also not omnipotent, so you cannot enforce what people think your brand represents. Under these assumptions, most companies need all the help they can get with branding. Here are three keys to this mysterious process:

- **Seize the high ground.** Establish your brand on positive conditions like "making meaning," "doing good," "changing the world" and "making people happy" — not doing in your competition.
- **Create one message.** You can pick one message, stick with it for at least a year if it appears promising and then try another. But you can't try several at once or switch every few months.
- **Speak English.** Not necessarily English, but don't speak in jargon. A good test is to ask your parents if they understand what your positioning means.

## Frame or Be Framed

George Lakoff is a professor in the linguistics department of the University of California, Berkeley and the author of *Don't Think of an Elephant.*

There's a good marketing lesson in Lakoff's work: You either frame your product or someone will frame it for you. And you are not in control if someone frames it for you. For example, an online music-sharing service is either "piracy" or "a music-listeners' revolution." Using the word "revolution" implies that record companies are

unfairly ruling people who listen to music. This beats "piracy," and the company that provides relief from this oppression is logically a hero of the people. This is how to control the frame:

- **Be true to yourself.** A frame should represent what you stand for — as opposed to what market research might tell you to stand for.
- **Avoid the frontal assault.** When framing the competition, the goal is to frame your competition in a way that isn't harshly critical, but clever and damning.
- **Align with core values.** In America, circa 2008, this means concepts with positive connotations, like democratization, liberation, independence, efficacy and freedom.
- **Draw first blood.** It's better to fire the first salvo that frames both your competition and your own product or service.

Framing is one of the most powerful and enjoyable marketing functions. ●

## The Reality of Selling and Evangelizing

Sales fix everything. This is because as long as you have sales, cash will flow, and as long as cash is flowing, (a) you have the time to fix your team, your technology and your marketing; (b) the press won't say much, because customers are paying you; and (c) your investors leave you alone, because they don't want to jinx your success. Evangelism is grouped with sales because it is the purest form of selling — that is, getting people to buy into your product or service as much as you do.

### The Art of Selling

The acronym ABC stands for Always Be Closing. That is, you should always be trying to make a sale. You can overdo this — or more accurately, you can lack subtlety and make people resent your efforts. Indeed, the best sale is a long-lasting and repeating one, but don't kid yourself: You either make a sale or you don't. Here are three tips:

- **Sell, don't enable buying.** The products and services of most organizations are sold, not bought. If you don't have an iPod-like product, you need face-to-face, personalized and intense contact. The best lead-generation methods are seminars, presentations by company executives and schmoozing.
- **Find the key influencers.** They have humble titles like secretary, administrative aide, database administrator or customer service manager. They usually do the real work, so they know what products and services are needed and the CXOs ask them for their recommendations.
- **Make prospects talk.** If prospects are open to buying your product or service, they will usually tell you what it will take to close the sale.

### The Art of Evangelism

Another reality is that you can't do everything by yourself, so it's great when your customers become evangelists and help you spread the good news. You can blow all the smoke that you like about partnerships, brand awareness and corporate image, but you either attract believers or you don't.

The key to great evangelism is great innovation. It is easy — almost unavoidable — to catalyze evangelism for a great product. It is hard — almost impossible — to catalyze evangelism for crap. The important question is, "What are the characteristics of an innovative product or service?" The answer is to think DICEE:

- **Deep.** A great product doesn't run out of features and functionality after a few weeks of use.
- **Intelligent.** A great product screams that someone was thinking when she created it.
- **Complete.** A great product is more than a physical thing. Documentation counts. Customer service counts. Tech support counts.
- **Elegant.** A great product has an elegant user interface. Things work the way you'd expect they would.
- **Emotive.** A great product incites you to action. It compels people to tell others about it. ●

## The Reality of Communicating

Entrepreneurship is an outward-focused activity. It requires that you communicate with others, using e-mails, presentations, speeches, panels and blogs. Every one of these modes of communication is a skill that entrepreneurs need to master. You do not need special training to master these skills. All it takes is reading these tips and practicing for 20 years.

### The Effective E-Mailer

E-mail is the most commonly used form of business communication. Here are five ways to make e-mail more effective and efficient:

- **Craft a subject line.** The subject line is the window into your message's soul.

- **Limit your recipients.** The more people to whom you send an e-mail, the less likely any single person will respond to it, much less perform any action that you requested.
- **Don't use ALL CAPS.** Text in all caps is interpreted as YELLING in e-mail.
- **Keep it short.** The ideal length for an e-mail is five sentences.
- **Refrain from attaching files.** Now that lots of people are opening messages with smart phones, sending files when you don't have to is a sure sign of cluelessness.

### The Zen of Presentations

Garr Reynolds, author of *Presentation Zen: Simple Ideas on Presentation Design and Delivery (Voices That Matter)*, makes these recommendations for the optimal number of slides, length of presentation and font size when using PowerPoint: "It really depends on a great many things, but I'd probably recommend your 10/20/30 method — a pitch should contain 10 slides, last no more than 20 minutes and use no font smaller than 30 points. The audience should have no idea how many slides you have. Once they start counting slides, all is lost. As far as text goes, I say as little as possible on slides, but when text does appear, it should be large and serve to complement your words. People did not come to read; they came to hear. Any speaker can read bullet points. The audience wants to hear your story, not read it."

## The Reality of Beguiling

The word *beguile* has a bum rap. Most people think of it as using trickery, flattery or deception to get what you want. A better and more positive take on the term is "getting the job done by creating win-win situations."

### The Psychology of Influencing People

The best place to start learning to beguile people is the work of Dr. Robert Cialdini, a psychology professor at Arizona State University. His book *Influence: Science and Practice* is a must-read for anyone who wants to succeed. When discussing the ethical concerns surrounding the use of influence to get people to say yes, he explains: "Always be sure to influence another in a way that ensures that you haven't damaged your ability to influence this person again in the future. In other words, the other person must benefit from the change you've created. We can do this by harnessing one or more of the six universal principles of influence." Here they are:

- **Reciprocation.** People will give back to you the kind of treatment that they have received from you.
- **Scarcity.** People will try to seize the opportunities that you offer them that are rare or dwindling in availability.
- **Authority.** People will be most persuaded by you when they see you as having knowledge and credibility on the topic.
- **Commitment.** People will feel a need to comply with your request if it is consistent with what they have publicly committed themselves to in your presence.
- **Liking.** People will prefer to say yes to your request to the degree that they know and like you.
- **Consensus.** People will be likely to say yes to your request if you give them evidence that people just like them have been saying yes to it.

## The Art of Blogging

Blogs are a marketing and communications weapon. They're fast, free and under your control. You can use a blog to reach potential customers, establish a brand, provide support and build a community.

As in other arts, there are techniques and practices that make you more effective. Here are three blogging principles:

- Think "book," not "diary." Think of your blog as a product. When you write a diary, it contains your spontaneous thoughts and feelings. You have no plans for others to read it. By contrast, if you write a book, from day one you should be thinking about spreading the word about it.
- Be bold. If you can't speak your mind in your own blog, you might as well give up and stay on the porch.
- Make it easy to join. Enable people to get to your blog in multiple ways, such as RSS feeds and e-mail subscriptions.

## The Art of Creating a Community

To create a community:

- **Create something worth building a community around.** The key to evangelism, sales, demoing and building a community is a great product.
- **Assign one "champion" the task of building a community.** A community needs a champion — an identifiable hero and inspiration — from within the company to carry the flag for the community.

- **Give people something to chew on.** This means your product has to be customizable, extensible and malleable.
- **Welcome criticism.** The more a company welcomes — even celebrates — criticism, the stronger its bonds to its community.
- **Foster discourse.** Your Web site should provide a forum where customers can engage in discourse with one another as well as with your company's employees.

A community is a beautiful thing. It protects you from the heat and cold of a marketplace. It energizes your employees and resellers. It provides a talent pool and free sales, marketing and support.

## The Reality of Competing

At some point, you will compete with other organizations. Actually, if you don't compete with anybody for very long, it may mean that you're trying to serve a market that doesn't exist.

### The Art of Driving Your Competition Crazy

If you are constantly innovating and serving your customers, you will keep your competition off balance. However, companies go astray when defeating the competition becomes more important than taking care of customers. When companies become obsessed with the pursuit of excellence, by contrast, they often reach new levels of greatness. Here's how to avoid the former and achieve the latter:

- **Know thyself.** Before you can drive your competition crazy, you have to understand for what your own company stands.
- **Know thy customer.** The second step is to truly understand what your customer wants from you — and, for that matter, what it doesn't want from you.
- **Know thy enemy.** The third step is to truly understand your competition.
- **Focus on the customer.** The key to driving the competition crazy is outinnovating, outservicing and outpricing it.
- **Turn customers into evangelists.** Create a great product or service, put it out there, see who falls in love with it, open up your arms to them and then take care of them.

## The Reality of Hiring and Firing

Few people are trained for hiring — instead we are led to depend on our gut. Few people are trained for firing — instead we are led to believe that companies never make hiring mistakes and always develop their employees properly, so you'll never have to fire anyone. The reality is that hiring and firing are difficult processes.

### The Art of Recruiting

Recruiting is an art. Here are four things it takes to excel at this art:

- **Ignore the irrelevant.** Often, a candidate's education and work experience are relevant on paper but irrelevant in the real world. The flip side is also true: The candidate without the perfect background could be a diamond in the rough.
- **Hire infected people.** Is the candidate infected with a love of your product? All the education and work experience in the world doesn't matter if the candidate doesn't "get it" and love it.
- **Hire better than yourself.** It takes self-confidence and self-awareness, but it's the only way to build a great team.
- **Double-check your intuition.** Ask every candidate the same questions and take extensive notes.

### The Art of Firing

Laying people off, while distasteful, is easier than firing people, because layoffs usually occur in bad times and they don't single a person out. A firing, by contrast, can occur in good times as well as bad times, and it's highly personal. Here are nine tips for firing:

- **Consult impartial people.**
- **Get professional advice.**
- **Search your soul.**
- **Give people a second chance.**
- **Document everything.**
- **Do it yourself.**
- **Be firm.** Decide and then implement.
- **Show people the door.** The day you fire someone should be the last day that person is in the office.
- **Don't disparage the victim.**

Ideally, the situation should have never come to this. You should have created a reasonable job and hired the right person for it. You should have set and communicated the right goals. You should have provided course corrections, tools and training. Some of the fault probably belongs to you. It's too late for the case at hand, but it's not too late to prevent this from happening again, so take a good, long look in the mirror.

## The Reality of Working

In the beginning, companies are like a clean sheet of paper, post-Zamboni ice or a groomed ski slope: nothing but opportunity and upside with a chance to make meaning and change the world. Then the reality of work sets in. Building a successful organization is hard — damn hard, actually. This is the non-fairy-tale, real-world version of work.

### How to Not Choke

According to the *Scientific American* article "The Choke Factor: How Stereotypes Affect Performance," if female students are told immediately before a math test that women are worse at math than men, they score lower on the test than a similar group not given the negative message.

The theory is that by making a group aware of the stereotype, you can introduce "enhanced cognitive load." Intrusive and negative thoughts cause a load that interrupts and harms performance. What do you think will happen when (not if) you are told that you don't know how to run a company? Entrepreneurs — like female math-test takers — should heed the scientific understanding of choking and the impact of negative stereotypes. Here are three ways to avoid choking:

- **Avoid negative people.** If you think about what people say about you, it can lead to becoming what people say about you, so simply avoid these folks. If you cannot avoid them, simply ignore them.
- **Invoke positive stereotypes.** Positivity can enhance performance, according to the article — it's "fighting fire with fire," as the saying goes. For example, entrepreneurs could invoke the positive stereotype that a couple of guys/gals who love technology and aren't "proven" entrepreneurs can start companies like Apple, Yahoo, Google, YouTube and Facebook.
- **Frame, or reframe, yourself.** You can control with which groups you identify and the strength of that association. ●

## The Reality of Doing Good

At the end of one's life, you are measured not by how much money you made, how many houses you own or even how many books you wrote. Instead, you are measured by how much you've made the world a better place.

David Bornstein is the author of *How to Change the World: Social Entrepreneurs and the Power of New Ideas.*

## The Reality Check Checklist

Guy Kawasaki's 10 most important recommendations. Success isn't as simple as this list, but it will put you on the right path for the journey.

1. Are you making meaning?
2. Does your product jump to, or create, the next curve?
3. Is your product Deep, Intelligent, Complete, Elegant and Emotive?
4. Do you have a mantra for what you do?
5. Do you have a 10-slide pitch with no font smaller than 30 points that you can give in 20 minutes?
6. Have you figured out a way to take your product to market with no budget?
7. Are you helping people who cannot help you?
8. Can you blow away any audience with a demonstration of your product?
9. Would you hire "imperfect" job candidates who love what you do, as well as people who are better than you are?
10. Are you only asking people to do things that you would do too?

When asked, "Are there fundamental differences between social and for-profit organization founders?" David Bornstein said: "The difference is really what the founder seeks to maximize. What is the primary motivation behind building your organization, whatever form it takes? Are you trying to develop drugs for diseases that afflict large numbers of poor people in the developing world, as Victoria Hale is doing with One World Health, or are you trying to dominate the world market for sneakers or fashionable jockey shorts? For-profit entrepreneurs build all kinds of things. Social entrepreneurs are primarily motivated by an ethical imperative. They seek to respond to urgent needs. The question of why is paramount." ●

### RECOMMENDED READING LIST

If you liked *Reality Check*, you'll also like:

1. ***The Art of the Start* by Guy Kawasaki.** Kawasaki takes you through every phase of creating a business, including all the basics.
2. ***Be the Elephant* by Steve Kaplan.** Kaplan shows entrepreneurs how to grow a business big enough to make an impact and remain financially healthy.
3. ***The Search* by John Battelle.** Battelle looks at how Google rose to power, and how it is transforming our culture and the way we all do business.

· Book 2 of 67 ·

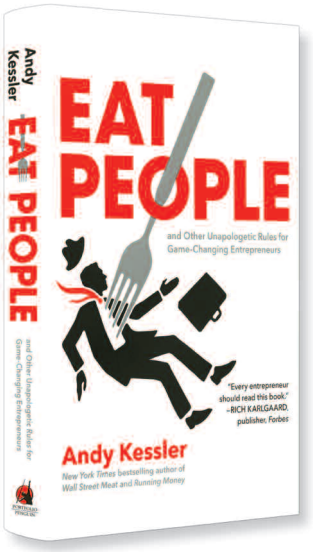
# 3318 Eat People.qxd

SOUNDVIEW Executive Book Summaries®
www.summary.com



# Eat People

## and Other Unapologetic Rules for Game-Changing Entrepreneurs




by Andy Kessler

### THE SUMMARY IN BRIEF

Andy Kessler is fed up with people who spout nonsense about what it takes to launch and grow a kick-ass business.

In his distinguished career as a stock analyst, investment banker, venture capitalist and hedge fund manager, Kessler learned the no-B.S. truth about great start-ups. He evaluated people like Mark Zuckerberg and Michael Dell long before they were *Mark Zuckerberg* and *Michael Dell*. And he's heard hundreds of pitches from smooth talkers whose ventures quickly crashed and burned.

Kessler figured out that, in good times or bad, superstar entrepreneurs don't just start profitable companies; they overturn entire industries. They identify and latch on to trends that go up and up and up. They make the world more efficient, make life better for their customers and make themselves insanely rich in the process. From Wal-Mart to Intel, low-tech to high-tech, the classic formula of creative destruction keeps playing out.

But *Eat People* isn't just a capitalist manifesto or a rah-rah book about how great it is to start a disruptive company. Kessler tackles the *big* question: Before you try launching the next Google, how can you tell if you're making a smart bet or chasing a delusion? He boils everything he's learned into 12 surprising, and often controversial, rules.

### IN THIS SUMMARY, YOU WILL LEARN:

- How eliminating unproductive jobs helps everyone in the long run.
- Why markets make better decisions than managers.
- How to use zero marginal cost to create a flood.
- How to make something from nothing, help the world be more productive and create wealth for the masses.

### CONTENTS

**Something from Nothing**
Page 2

**Rule #1: If It Doesn't Scale, It Will Get Stale**
Page 3

**Rule #3: When in Doubt, Get Horizontal**
Page 4

**Rule #7: Be Soylent — Eat People**
Page 5

**Rule #8: Markets Make Better Decisions Than Managers**
Page 6

**Rule #12: Create Your Own Scarcity with a Virtual Pipe**
Page 7

**Hackers vs. Slackers**
Page 8

Published by Soundview Executive Book Summaries, 500 Old Forge Lane, Suite 501, Kennett Square, PA 19348 USA
© 2011 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.
Concentrated Knowledge™ for the Busy Executive • www.summary.com
Vol. 33, No. 7 (3 parts), Part 3, July 2011 • Order #33-18

# THE COMPLETE SUMMARY: **EAT PEOPLE**

**by Andy Kessler**

**The author:** Andy Kessler is a former hedge fund manager who co-founded Velocity Capital Management. He also previously worked at AT&T Bell Labs, PaineWebber and Morgan Stanley. His books include the *New York Times* bestseller, *Running Money,* as well as *Wall Street Meat, How We Got Here* and *The End of Medicine.*

*Eat People: and Other Unapologetic Rules for Game-Changing Entrepreneurs* by Andy Kessler. Copyright © 2011 by Andy Kessler. Summarized by permission of the publisher, Portfolio, a member of the Penguin Group (USA) Inc. 243 pages, $25.95, ISBN 978-1-59184-377-1. To purchase this book, go to www.amazon.com or www.bn.com.

Summary copyright © 2011 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY.

For additional information on the author, go to www.summary.com.

## Something from Nothing

I ran a hedge fund. My partner and I invested in public and private companies that we thought would benefit from the next set of big trends. Getting the company right or wrong was hard enough, but if we didn't get the trend right, we would lose real people real money, with our fingerprints all over it.

So yeah, it really was my job to find billionaires well before they hit it big so my investors and I could go along for the ride. And I made tons of mistakes, believe me. But, eventually, I got good at it. It was not just finding driven people with the character and focus and guts to succeed. It was also about being in the right zip code, finding the next big application and companies and industries well before they took off, when you could invest on the cheap and then sell when they were dear.

Along the way, I learned that those things that made me the most money were not so coincidentally the very same things that made society richer and the world a better place.

### Invent or Help Invent the Future

Why am I telling you all this?

I want you to invent or help invent or even mop the floors for those who invent the future, coming up with the next set of great tools and gadgets and productive services. The more you do, the better off we all are. So sure, I'll fill you in on what works.

But I've got to tell you — if all you want to do is take over some old-line company and milk it for all it's worth, I can't help you.

However, if you want to make something for nothing, help the world be more productive, create wealth for the masses beyond anyone's imagination … I can steer you in the right direction whether you're an entrepreneur or an investor or just looking for the right career.

This is not some get-rich-quick scheme. What I'm talking about is a process that works over years and decades to keep generating wealth for those who sell and those who buy. That is what generates progress — and wealth. ●

## Musée

Paris is one of my favorite places in the world — one giant museum. After a quick connection with the gargoyles at Notre Dame, it was time to find things my wife Nancy and I hadn't seen before. I hit on the idea of visiting a bunch of smaller museums, set in once private homes like the Frick Museum in New York.

My ploy worked, so it was off to Boulevard Haussmann and some wealthy dead French guy's house stuffed with beautiful paintings and sculptures and furnishings. I was starting to go stir crazy. It was time to mix it up.

"He's got nothing. I haven't seen one Blu-ray player, let alone a refrigerator, toaster oven or espresso machine."

I got the eye roll from Nancy. I was pushing this beyond the point of no return.

"Let alone antibiotics, stents for heart attacks — he either died young of tuberculosis or, worse, watched as one of his kids died young. This guy was one of the richest in the world but he'd be considered living under the poverty line in our day."

"I'm going to the next museum by myself," she said.

**1-800-SUMMARY**
**service@summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), 500 Old Forge Lane, Suite 501, Kennett Square, PA 19348 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions starting at $99 per year.
Copyright © 2011 by Soundview Executive Book Summaries.
**Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Andrew Clancy**, Senior Editor; **Edward O'Neill**, Graphic Designer; **Chris Lauer**, Contributing Editor

### How Did It Happen?

It wasn't until I gawked my way through Monsieur Elite's home off Boulevard Haussmann that I put my mind to the creeping change over the last 100 years. We have and do things every day that all the riches in the world back then couldn't buy.

Progress is the simple answer for 100 years of forward momentum. But that doesn't explain how it happened.

Increasing standards of living doesn't happen automatically. Someone has to invent the future.

The only way to truly succeed over time is to use your head, think out long-term trends, figure out where productivity exists (and therefore wealth is being created) in the economy and invest your mind or your money alongside it. ●

## Circus and Inspiration

A free radical, if I remember my 10th-grade chemistry, is an atom or molecule with unpaired electrons. Because they have a free electron, these free radicals are highly reactive; they are always looking for something to do, hungry for some chemical reaction — like combustion.

So what then is a Free Radical?

I guess in its simplest form, a Free Radical is someone who not only creates wealth for themselves, but at the very same time, improves the world, makes life better and increases everyone else's standard of living.

Charles Curtis' 1903 steam turbine generator brought electricity to the masses. Using that electricity, in 1907, James Spangler, a janitor with asthma, invented an electric suction-sweeper, today's vacuum cleaner. And Percy L. Spencer in 1945 watched a magnetron melt candy, leading to the invention of microwave ovens.

Free Radicals found situations to combust and destroy, but in the end, it was only to make room to build the new — disrupt the status quo, do more with less, advance society, drive progress rather than have progress drive them.

You can be a Free Radical, too. ●

## Rule #1: If It Doesn't Scale, It Will Get Stale

I figured out long ago that the things in my world that become huge successes (computer chips, cell phones, network equipment) always have the same characteristic — they get cheaper every year. And every time they get cheaper, some new application pops up to take advantage of them at their new, lower cost. As costs go down, demand rises. Economists call this elasticity. Techies call it Learning Curves. They all mean the same thing — *Scale*.

One-off cost decline is not Scale. Cost decline that goes on for a decade or several is Scale, something that you can build an entire economy on.

Free Radicals find things that Scale year in and year out.

The other way to think about Scale is in terms of numbers. Is the market for what you're doing a thousand people? Ten thousand? That's OK, but not Scale-worthy.

A Free Radical should ask — can it be used by a million people? Ten million? A billion? Now that's something that Scales. This is the question I ask every time I look at a new product, a startup or a new industry. I instantly lose my baked-in biases of what something costs today, or what it can do today for a given cost of, say, $500, and just mentally slide down the cost curve.

Of course, to get to a billion people, it has to get cheaper. Not overnight, but over time, over decades perhaps. But understand that what you are doing can continue marching down that cost curve and Scale to millions and billions.

### Find Something That Scales Over a Long Period of Time

Google isn't built on cheap servers and cheap bandwidth; it's built on ever-cheaper servers and ever-cheaper bandwidth — on a continuum. It makes a difference. The trick is to find something that Scales over a long period of time to build your productivity on.

The history of wealth creation shows this as well. Find the cost decline, find the Scale and you will find the wealth. ●

## Rule #2: Waste What's Abundant to Make Up for What's Scarce

On one of his frequent trips to Silicon Valley, I invited my friend George Gilder to dinner. His 1981 book *Wealth and Poverty* pretty much laid out the next 25 years as they happened, but then he fell in love with technology, writing *Microcosm* and *Telecosm*, which is how we crossed paths.

We sat near the door at a fun restaurant in Palo Alto, Calif. George said, "Forget everything they taught you [about supply and demand]. It's worthless in the real

world. Instead, think of it this way: Defining every economic era is a canonical abundance, marked by the plummeting price of a key factor of production. That's the new supply that drives …"

"Abundance? Like …"

"Wood, coal, oil, silicon, bandwidth, transistors, nanotubes, sunlight, bioinformation, industry standard software, whatever. The abundance or supply changes the economy and puts both nations and economies through a technological wringer. A new invention radically reduces the price of a key commodity and causes an industrial revolution in which every competitive business must wring out the residue of the old costs from all its products and practices."

"Economies go through a wringer?" I asked.

"Yes." His hands and arms started moving in an up-and-down motion as he spoke. "Going through the wringer means wasting the cheap resource to exploit the scarce resource."

"Wasting?" I replied. "That sounds so, uh, wasteful."

"Yes, yes. Waste away what's abundant to make up for what's scarce."

### 'Waste Is Virtuous'

George went on, "Waste is virtuous. From the nucleus of the atom to the sun, energy is infinitely abundant. Except for politics, it would be as dirt cheap as the sand in microchips. Just as we waste energy transforming beach sand into refined silicon ingots and the refined ingots into labyrinthine microchips, we waste energy prodigally when we refine our crude energy into targeted and transformed electricity and information to be delivered to refrigerators, iPods, automobile engines, light bulbs, computer screens and MRI machines.

"The more we wastefully refine energy, the more useful it becomes and the more we use it, and the cheaper the ultimate functionality it delivers. The supply of refined energy creates demand throughout the economy."

A Free Radical finds George's abundance. Every era is defined by something that's abundant. Find it, make sure the invention that you want Scales and then Waste away. ●

## Rule #3: When in Doubt, Get Horizontal

You can't just grab hold of anything that scales and expect to build a business that grows and grows. How you attack a market makes a difference, especially markets filled with entrenched, old-line, milking-it-for-all-it's-worth players who are content to squeeze every last ounce of profits out of a business without growing it or building anything new for their customers. I'm talking about phone companies, broadcasters, hospitals, drug companies, electric utilities and more.

I had an old college roommate named Franz who, after taking business classes, would come back to our house, pound a few beers and proclaim, "Dude, when in doubt, get horizontal!" Then he'd pass out in front of the TV. Sometimes life lessons come from the strangest places. Franz had revealed the secret of how to really Scale. Getting horizontal is how a Free Radical takes those entrenched, vertically integrated giants out at the knees. Horizontal really means doing something better than anyone else and inserting yourself into a product or process by having someone else do everything else.

In a horizontal ecosystem, innovation in one layer can accelerate at its own pace without holding back the others. For instance, chip design today moves faster than operating system design. Intel turns out new processors every two to three years, while Microsoft releases new versions of Windows closer to every five to seven years. In a vertical company, the processor guys have to wait around for the software guys while their competitors continue improving steadily.

When you get horizontal, you can come up with the greatest innovation in your layer and slip it into the market, letting the other layers adapt to you, rather than letting them slow down the whole system. Other layers of the stack can Scale, even if yours doesn't. Sometimes that's not a bad strategy, glomming onto and riding someone else's Scale and Waste. Microsoft kept raising prices for Windows while Intel constantly increased the performance and lowered the price of their processors in PCs.

When in doubt, a Free Radical gets horizontal! ●

## Rule #4: Intelligence Moves Out to the Edge of the Network

It's not just that computers get cheaper every year or that communication gets cheaper every year — it's also a proliferation thing. These tiny little chips show up all over the place, helping you and me make calls, listen to music, take photos, navigate in our cars, figure out if a cornfield needs to be irrigated — even set the spark timing in our Hemi engines. Scale is just the first-order effect.

The next stage has become a mantra in Silicon Valley: Intelligence moves out to the edge of the network.

Burn it into your brain. It's the architecture for Free Radicals.

When you put all these smart devices out there, magical things happen. Until now, networks have been things like phone networks, lots of smarts in switches inside the phone companies and a dumb phone with 12 buttons on your desk.

### Complicated Equipment Has Created Really Dumb Networks

But now, with ever-cheaper communications, Internet packets pass through routers from Cisco and move all the information we would ever want to wherever we want. These routers are complicated pieces of equipment that, in a sense, created a really dumb network. We don't expect these routers to think, just to get what we want from one side of the network to the other. E-mail, Web pages, phone calls, video, Twitter tweets, whatever. The beauty of a dumb network is that the intelligence on the edge can invent new stuff, like new applications, any time it wants.

The edge of the network is your computer or phone or even servers sitting in a data center. That's where the intelligence exists, not in the system that moves things around. Transport of information (in the form of packets) stays dumb so that the devices on the edge of the network can get smarter and smarter and take that information and do new and exciting things not yet imagined. This trend of intelligence at the edge is unstoppable. ●

## Rule #5: Wealth Comes from Productivity; Everything Else Is Gravy

According to one MIT study, a modern worker needs to work just 11 hours today to produce as much as a worker putting in a 40-hour workweek in 1950. So we've seen an almost fourfold increase in wealth in 60 years. We could work something like a half hour per week less per year to keep the same standard of living we had in 1950. That's amazing.

But we don't work less. Because who wants last year's or the year before's standard of living? Not me. No cars, no jets, no antibiotics, no heart stents, no laparoscopic surgery, no color TV, no living to 85, no Adult Swim late at night on Cartoon Network. That's not an interesting world for me. We didn't stop innovating with six-horse wagons or a 1-megahertz PC. We work harder because we actually enjoy our increase in wealth. We work hard selfishly, of course, but all of this new wealth doesn't just end up in the hands of a few fat cats living high on the hog. It's for all of society.

Productivity drives living standards and wealth, not actualization — self or otherwise. Don't get caught saying "I need a little me time." While others are scrambling to overcome their shortcomings in affection, a Free Radical finds the next wave of productivity, and all the touchy-feely people will end up working for you. And eventually hold you in high esteem. You win!

Think of productivity as a one-off thing, unless the source of productivity constantly improves. Free Radicals need a continuum of productivity gains to keep creating new wealth. ●

## Rule #6: Adapt to Humans; Don't Make Them Adapt to You

There is a long history of people adapting to technology. What a waste.

Instead, Free Radicals need to make technology that adapts to humans.

True adaptive technologies are things that adapt to how you think. This is the big change over the next two decades. This is what a Free Radical will want to harness.

Figure out what people want. What song they want to hear next as the Pandora music service does, what menu they will click on next, which search results are most pertinent. Since the dawn of computers, there have been efforts at so-called artificial intelligence. None of it has amounted to much. But I think the time is right for machines to adapt.

Riches will be heaped on Free Radicals who solve the adaptive puzzle, because at the end of the day, augmentation is the ultimate in productivity and we will all benefit. It's not without its thorns — privacy being the biggest one — but it's going to be as big a game-changer as everything else. If you can harness adaptive technology, so many other things will fall into place. ●

## Rule #7: Be Soylent — Eat People

Now that machines are adapting to humans, it's time to think more and more about us humanoids: what we do, what kinds of jobs we have and how society can best utilize living, breathing humans to increase standards of living. I've spent a lot of time thinking about this and here is my conclusion: The best way to leverage Abundance and Scale and to create Productivity is to get rid of people.

There, I said it. Don't hate me; I'm just the messenger.

Now I'm not suggesting we actually eat anyone, as in the 1973 Charlton Heston sci-fi cult classic, *Soylent Green*, about overpopulation in the year 2022. But we do need to get rid of worthless jobs. On the surface, I know that this might sound contrary to the old "help your fellow man" mantra, but really, truly, the road to wealth passes through the graveyard of today's jobs.

Think of how many elevator operators have been put out of work over time, all because of some nifty transistors and relays and, now, some clever code. Think of how many security guards have been put out of work by cheap cameras and disk drives for storing surveillance video. All in the name of progress.

OK, these are pretty obvious examples. But across the economy, the real task is to figure out which jobs going forward need to be eaten. That's where you find the opportunity for upside and wealth. ●

## Rule #8: Markets Make Better Decisions Than Managers

This Rule is not about beating the stock market; it's about Free Radicals using markets for themselves. To allocate things — in your business, in a service, in your life, whatever.

It's about price discovery — inputs from lots and lots of people to get the right price. Managers have biases or they haven't had their coffee yet or are hungover or who knows what personal problems inflict them. Don't trust managers; trust markets to get to the correct price.

Markets are about trading stuff; it doesn't have to be just stocks (which is just trading in the profits of companies). Free Radicals can trade goods, services and, especially, information — anything of value — and let the market set the value. It could be open outcry markets, electronic trading, auctions, reverse auctions, modified Dutch auctions, who cares. Just make sure there are participants.

What I'm suggesting is to create a market price for everything you do — for your products and services, f or your employee ratings and raises, for customer service, everything. Have enough information, some definition of profit, so that everything can trade. Your little mini-markets will allocate resources better than any other method.

It could be internal prices or external prices with your customers.

The price will be set by more than one person, the masses out at the edge, and therefore will be more reflective of actual profits — however profits are actually defined — than one person sitting in a room making up the "price." ●

## Rule #9: Embrace Exceptionalism

There are a lot more exceptional people than those who got 2400 on their SATs or can write code in their sleep to turn your browser into a stock trading portal. They are all over the place and they might even be you!

You don't have to invent Google or Genentech or Goldman Sachs, but you can appreciate how great those firms are and other soon-to-be great firms will be.

While you are forced to go to college and while entrenched corporations and governments are nudging you, bending your mind to act as they see fit, my suggestion is to ignore all of it. Be, or at least find, exceptional people who can both see and lead the way to great things. Governments may think the idea of putting cable TV franchises out of business is bad, even though society in general may benefit greatly. Stick with the Rules, not the rulers.

Whatever you do, as a Free Radical, embrace exceptionalism. ●

## Rule #10: Be a Market Entrepreneur and Attack Political Entrepreneurs

While you, a Free Radical, are out there busting your hump, making something cheaper, expanding its usage, increasing productivity, fending off fierce competition and hoping to turn a profit along the way, there are those who, through the stroke of a pen, make a killing doing absolutely nothing of value. These "political entrepreneurs" leverage their political power to own something and then tax the crap out of the rest of us to use it. Political power instead of competition.

Easy money forever. But then again, maybe not. Because for every stroke of the pen, for every piece of legislation, for every paid-off congressman, there now exists a price umbrella that overvalues what he or any political entrepreneur is doing. Real entrepreneurs, "market entrepreneurs," recognize the price-to-value gap and jump in. Ignoring legislation, they innovate, disintermediate, compete, stay up all night coding and offer something better and cheaper until the market starts to shift.

Every time some political entrepreneur lards on huge costs and jacks up prices for services, it opens up a win-

dow of opportunity that Free Radicals can drive a Mack truck through.

## Rule #11: Use Zero Marginal Cost to Create a Flood (or Someone Else Will)

As we all know, the faster processors get and the cheaper disk drives and memory get (thank you, Scale), the easier it becomes to digitize and store things. Everybody will use it!

In effect, once my words are typed in by me or scanned in by Amazon or Google or some dude in Shanghai, they have a zero margin cost. It costs virtually nothing for someone to create another digital copy, to sell or steal or waste. I use the word *virtually* for a reason; the cost is not absolutely nothing, not quite zero, as there is some cost for storage and bandwidth and the human cost of thinking about the book or the music to copy, but for the next copy made, the costs are a rounding error, as close to zero as you can get.

The key is to be able to charge for value rather than cost. Like Craigslist not charging for classified listings. Just do it.

Ideas and business processes are the ultimate zero marginal cost product — you have to be creative on how to sell them. Ideas are a dime a dozen and overpriced!

My rule is simple. If you can do something with zero margin cost, do it. Because if you don't do it, someone else will.

## Rule #12: Create Your Own Scarcity with a Virtual Pipe

Media is about control of a pipe. That's it.

Everything else follows.

While media includes newspapers, magazines and even billboards, the root of practically every media empire is control of some pipe. Spectrum, bandwidth, cable lines, phone lines, sewers — any closed system.

Time Warner and Comcast: cable. Disney: TV licenses and cable stations like ESPN. News Corp.: TV licenses, cable stations and newspapers. Even Warren Buffett got in on the game, trying to make Buffalo, N.Y., a one-newspaper town so he could control a pipe.

Control the pipe and you've got the economic engine to run ads against your "scarce" content, charge subscriptions, sell voice calls and charge per minute — the world is your oyster.

### Carlos Slim Helú: The Richest Man in the World

In 2007 and again in 2010, Carlos Slim Helú became the richest man in the world, passing Bill Gates both times. But this Mexican "businessman," if that's what you want to call him, did nothing more than buy out Telmex, the government-mandated monopoly phone company. He controls 90 percent of the phone lines in Mexico and, through ownership of Telcel, 80 percent of Mexican cell phone users send him a monthly check. He didn't invent anything. He doesn't drive down prices. There is little innovation. And why should there be? He is milking this franchise for all it's worth. Carlos Slim Helú is not a Free Radical.

It's no surprise that most media companies own studios as well. Control a pipe and you can extend your business to control everything it touches.

I can hear you thinking: How does that explain successful media companies on the Web — Google, eBay, Yahoo! (at one point), Apple, Facebook, Twitter?

Good question. Media is different from technology. You, of course, want to go as wide as you can, but you still want to control the pipe, to create some scarcity, however artificial it might be.

Where's the Pipe?

No pipes. A Free Radical creates a virtual pipe.

These companies are all market entrepreneurs with almost no regulatory oversight beyond patents and copyrights, which everyone has access to. Even though the telecom cloud is a chaos of packets getting passed around and no end-to-end pipe, these companies and others have figured out how to keep content and users inside a pipe that they control.

## Bonus Rule: Money Sloshes to the Highest Returns

Money will always find its way to businesses with the highest returns. That should be you.

Be productive or provide tools for others to be productive and you'll command huge profits. Money will fight for the honor of investing in your company. Don't be in a low-profit business or you tell the world that your products or services are useless or of some pitifully low value. Maximizing your profits (market profits, not political profits!) means customers value your stuff. You are providing them with what they need and they are

willing to pay for it. Don't get fooled by those who claim you are ripping customers off. Those profits are the price discovery markets need to see to allocate capital properly and push the boulder of progress up that steep incline.

Being the highest return also means you'll have the wherewithal to invest in future products, be able to afford the research and development dollars to keep scaling, to keep creating abundance and keep inventing the future. It's not a 40-yard dash; it's a never-ending marathon.

You'll always have a choice of being bigger and having higher absolute profits by selling more stuff with lower profit margins. Resist the urge. Bigger is not better. Highest returns are better.

I can't say it enough: Be the highest return. ●

## How Many?

A true Free Radical is someone who not only creates wealth for him- or herself, but at the very same time, improves the world, makes life better and increases everyone else's standard of living.

It's a pretty simple test. Doctors may think they are Free Radicals; they make money and they make society better, but they do it one at a time. They don't really scale. The device maker or someone who invents an even cheaper test to detect cancer five years earlier, now that's a Free Radical. A social worker certainly helps the poor and downtrodden, but taxpayers pay. Tort lawyers keep society safe by suing large corporations and keep them honest and focused on, for example, consumer safety. But these businesses just raise their prices and we all pay.

It's the Creators, the Free Radicals, who are increasing productivity, increasing society's wealth, reinventing the way the world works and generating enough (altruistic?) profits to reinvest in their process to keep this reinvention going for decades on end. These are the real heroes in history. And it's by following Free Radicals, or being a Free Radical yourself, that you can find, create and leverage the next big things that make us all wealthier than some French guy whose house is now a museum. ●

## Hackers vs. Slackers

You can't just create wealth out of thin air. Nope. You have to invent it.

Sure, you can join the Peace Corps or Teach for America and do your part, whatever small part that may be. You can go into public service and try to change the system. But to keep getting elected, you will inevitably fall into the same populist trap of entitlement expansion every politician falls for.

Or you can make, hack, create, innovate, be productive and multiplicate to the only thing that really matters for the future of society, and that is rolling the ball of progress up that ever steeper slope.

Do it right and you will get rich beyond your dreams. Millionaire rich, billionaire rich. You can give it away to help alleviate awful cases of poverty or misdeeds. But in making your wealth — the right market-entrepreneur way — you will have already done your share and the share of all the slackers you carry along.

In the end, a Free Radical is one who carefully, consistently and often inconspicuously pushes the state of humanity far beyond where it probably deserves to go, extending life expectancies, increasing the quality of life and bringing more of the world's population into the developing world's grasp than any Salvation Army bell ringer, Trick or Treat for UNICEF coin box profferer, gold record-selling Irish rock singer/aid demander or whiny Nobel-winning documentary maker/scaremonger will ever be capable of.

And that Free Radical is you. ●

## The Internet Is the Wild West — an Open Prairie

How do you keep users in your corral? You've got to be creative. For instance, eBay created a closed community of buyers and sellers, locked in via feedback ratings, creating a layer of trust amid the chaos of anonymity on the Web. Wall Street applauded to the tune of $40 billion in market value until eBay got greedy and kept raising prices (a no-no on the Web, no?). Now eBay is struggling to show that they can grow, but they still own a virtual pipe.

### RECOMMENDED READING LIST

If you liked *Eat People*, you'll also like:

1. ***The Art of the Start* by Guy Kawasaki.** Kawasaki takes you through every phase of creating a business, from the very basics of raising money to doing the right thing and giving back to society.
2. ***Overpromise and Overdeliver* by Rick Barrera.** Barrera reveals the art of making sure that every point of contact between a company and its customers is well executed and fulfills an over-the-top brand promise.
3. ***Always a Winner* by Peter Navarro.** Navarro shows how your organization can be a winner over the course of its entire cycle – not just when economic times are good.

· Book 3 of 67 ·

# 35-30 What Keeps Leaders Up At Night

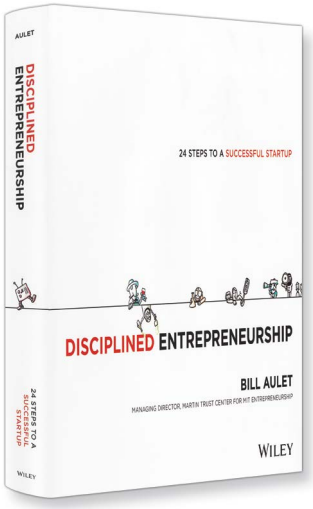
Soundview Executive Book Summaries

SOUNDVIEW Executive Book Summaries®
www.summary.com



# Disciplined Entrepreneurship

## 24 Steps to a Successful Startup




by Bill Aulet

### THE SUMMARY IN BRIEF

Interest in entrepreneurship is exploding globally, yet many people believe that entrepreneurship cannot be taught — that those who become successful were born with something others lack. But the greatest entrepreneurs — Richard Branson, Steve Jobs, Bill Gates and all the others — really had just one thing in common: They made great products.

*Disciplined Entrepreneurship* offers a comprehensive, integrated and proven step-by-step approach to creating innovative, highly successful products. It focuses on the iterative process that marches you toward that optimal, elegant solution — the foundation for your whole business. Whether you're creating a physical good, a service or the delivery of information, *Disciplined Entrepreneurship* breaks down the necessary processes into 24 steps that any industrious person can learn.

As the world becomes more complex and the problems become more urgent, the need for entrepreneurs will only grow. This framework will allow intrepid entrepreneurs to quickly and efficiently find their way toward the best solutions. Whether you're a first-time or repeat entrepreneur, *Disciplined Entrepreneurship* offers the tools you need to improve your odds of making a product people want and need to buy.

### IN THIS SUMMARY, YOU WILL LEARN:

- To create valuable specificity by focusing on one market opportunity that you can dominate.
- To quantify the unique value you bring to your target customer — and how to translate that value into profit.
- To design and build your product in the most efficient way possible.
- To overcome common obstacles in getting your product adopted by customers.
- To identify and test key assumptions.

### CONTENTS

**Who Is Your Customer?**
Page 2
**What Can You Do For Your Customer?**
Page 5
**How Does Your Customer Acquire Your Product?**
Page 6
**How Do You Make Money Off Your Product?**
Page 7
**How Do You Design & Build Your Product?**
Page 8
**How Do You Scale Your Business?**
Page 8

Published by Soundview Executive Book Summaries®, 511 School House Rd., Suite 511, Kennett Square, PA 19348 USA
© 2014 Soundview Executive Book Summaries® • All rights reserved. Reproduction in whole or part is prohibited.
Concentrated Knowledge™ for the Busy Executive • www.summary.com
Vol. 36, No. 2 (3 parts), Part 1, February 2014 • Order #36-04

# THE COMPLETE SUMMARY: **DISCIPLINED ENTREPRENEURSHIP**

**by Bill Aulet**

**The author:** Bill Aulet is the managing director of the Martin Trust Center for MIT Entrepreneurship as well as a senior lecturer at the MIT Sloan School of Management. Prior to joining MIT, he had a 25-year track record of success in business, from his start at IBM to his experience as a serial entrepreneur. He started and ran Cambridge Decision Dynamics and SensAble Technologies. He works around the world with entrepreneurs, small companies, large companies and governments to promote innovation-driven entrepreneurship.

*Disciplined Entrepreneurship: 24 Steps to a Successful Startup* by Bill Aulet. Illustrations by Marius Ursache.
Copyright ©2013 by Bill Aulet. Summarized by permission of the publisher John Wiley & Sons, Inc. 272 pages, $32.00, ISBN 978-1-118-69228-8. To purchase this book go to www.amazon.com or www.bn.com.

Summary copyright ©2014 by Soundview Executive Book Summaries® www.summary.com, 1-800-SUMMARY.
For additional information on the author, go to www.summary.com or www.disciplinedentrepreneurship.com.

## Introduction

There are many misconceptions about what entrepreneurship is and what is required to be an entrepreneur. The first myth is that individuals start companies. While the entrepreneur as a lone hero is a common narrative, a close reading of the research tells a different story. Teams start companies. Importantly, a bigger team actually adds to the odds of success. *More founders = better odds of success*.

The second myth is that all entrepreneurs are charismatic and that their charisma is a key factor in success. In fact, while charisma may be effective for a short period, it is difficult to sustain. Instead, research shows that more important than being charismatic, entrepreneurs need to be effective communicators, recruiters and salespeople.

The third myth is that there is an entrepreneurship gene, that certain people are genetically predisposed for success in starting companies. Some believe personality traits like flamboyance or boldness are correlated with successful entrepreneurship, but that line of thought is misguided. Instead, there are real skills that increase the odds of success, such as people management, sales skills, product conception and delivery. People can adapt and learn new behaviors, and entrepreneurship therefore can be broken down into discrete behaviors and processes that can be taught.

## Getting Started

No matter how you have become interested in entrepreneurship, you need to start by first answering the following question: *What can I do well that I would love to do for an extended period of time?* Once you have answered this question, you will have taken the first step toward discovering a customer pain — a pain that you are interested in alleviating because it is in line with what you are interested in and have expertise in. Once you've identified an idea or technology as a basis for your innovation-driven business, you must rigorously test and flesh out your proposal through the 24 Steps.

The 24 Steps are discrete and can be grouped into six themes. In each step, you will learn things that will prompt you to revise the work you have done in earlier steps. These themes present a general outline of how the 24 Steps will help you create a sustainable, innovation-based business.

## Who Is Your Customer? (Steps 1,2,3,4,5,9)

### Step 1: Market Segmentation

Begin the 24 Steps by taking your idea or technology and brainstorming a wide array of potential customers who might be interested in some application of it.

Start by brainstorming a wide array of market opportunities. Include even the "crazy ideas" that you think are longshots because they are helpful in expanding the boundaries of possibilities to where some of the most interesting opportunities might exist.

Identify potential industries for your idea. Focus on end users, not customers, because you will need a committed

SOUNDVIEW **1-800-SUMMARY** **service@summary.com**

**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 511 School House Road.,Suite 300, Kennett Square, PA 19348 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions starting at $99 per year. Copyright © 2014 by Soundview Executive Book Summaries ®. **Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca Clement**, Publisher; **Sarah Dayton**, Editor in Chief; **Ashleigh Imus,** Senior Editor; **Amanda Langen**, Graphic Designer; **Elizabeth Van Woert**, Contributing Editor

group of end users to have a sustainable business. For example, a school doesn't use a textbook, or a chalkboard, or a lesson plan, but teachers do. Next, identify the different tasks your end user performs.

Once you've identified numerous potential end users and applications for your idea, your next task is to list the top 6-12 particularly interesting market opportunities, where a market opportunity consists of a specific end user and one or a handful of applications.

After you've narrowed your market opportunities, it is time for primary market research. Talking directly with customers and observing customers will help you get a better sense of which market opportunity is best. Because you are identifying a new market opportunity for a product that does not yet exist, you will not be able to rely on Google searches or on research reports from research firms. *If there is already a market research report out there with all the information you need, it is probably too late for your new venture.*

Instead, you will gather the vast majority of your information from direct interaction with real potential customers about their situations, pain points, opportunities and market information. Unfortunately, there are few shortcuts in this process. While you should find out what you can about customers and markets before your talk to potential customers, it is impossible to overstate the importance of doing direct customer research, as any other sources of information and knowledge are frequently superficial and likely of minimal value.

Once you gather your primary market research, organize it. The main categories you are trying to obtain information on for each market are

1. **End User:** Who specifically would be using your product?
2. **Application:** What would the end user be using your product for?
3. **Benefits:** What is the actual value that the end user would gain from the use of your new product? Is it a time savings? A cost savings? Additional profit?
4. **Lead Customers:** Who are the most influential customers that others look to for thought leadership and adoption of new technology? These are sometimes referred to as "lighthouse customers" because they are so respected that when they buy, others look to them and follow their lead, gaining you instant credibility.
5. **Market Characteristics:** What about this market would help or hinder the adoption of new technology?
6. **Partners/Players:** Which companies will you need to work with to provide a solution that integrates into the customer's workflow?
7. **Size of the Market:** Roughly, how many potential customers exist if you achieve 100 percent market penetration?
8. **Competition:** Who, if anyone, is making similar products — real or perceived? Remember, this is from the customer's perspective and not just yours.
9. **Complementary Assets Required:** What else does your customer need in order to get full functionality from your product? You will likely need to bundle your product with products from other manufacturers so that customers can easily buy your product and have full functionality.

The goal of the research is not to provide a perfect solution, but to present a wide spectrum of market opportunities as you start to think about where you will focus your business.

### Step 2: Select a Beachhead Market

Select one market opportunity from your top 6-12 markets to pursue as your beachhead market: Ignore the other markets. A beachhead market is where, once you gain a dominant market share, you will have the strength to attack adjacent markets with different offerings, building a larger company with each new following.

A key determinant of success for entrepreneurs is their ability to select a market and to stay disciplined by deselecting other markets.

It is better to avoid selecting the largest or very large markets, even if they seem like the "best" segments. The first market you attack will be a significant learning experience for you, so you are better off learning in a smaller market where you can quickly get high exposure among the base of potential customers.

You want to start in a market where you have great ability to dominate in a relatively short time period; a narrow, focused market is the best way to do so.

Choose a single market to pursue; then, keep segmenting until you have a well-defined and homogenous market opportunity that meets the three conditions of a market:

1. The customers within the market all buy similar products.
2. The customers within the market have a similar sales cycle and expect products to provide value in similar ways.
3. There is "word of mouth" between customers in the market, meaning they can serve as compelling and high-value references for each other in making purchases.

These three criteria for defining a market mean that you will get efficiencies of scale in the market and you have

a good chance to do that magical thing that all startups want, "to go viral."

**Step 3: Build an End User Profile**

It is critically important that you recognize that to be successful, you must build your business based on the customer you are serving, rather than pushing onto the market the product or service you want to sell.

Each customer actually consists of an end user and a decision-making unit. The end user is the individual (a real person!) who will use your product. The end user is usually a member of the household or organization that purchases your product. The decision-making unit is the person who actually decides whether the customer will buy your product. There are three types of decision-making units:

- *Champion:* the person who wants the customer to purchase the product; often the end user.
- *Primary Economic Buyer*: the person with the authority to spend money to purchase the product. Sometimes this is the end user.
- *Influencers, Veto Power, Purchasing Department, and so on*: people who have sway or direct control over the decisions of the Primary Economic Buyer.

In this step, you will build a profile of the end user that is specific enough for calculating the Total Addressable Market size of your beachhead market. Your focus will be on the end user, because if the end user does not want your product, you will be unable to reach your customer.

Your goal is to create a description of a narrowly defined subset of end users with similar characteristics and with similar needs. You do not want to spend your time and resources trying to be everything to everybody.

Some potential characteristics to include in your end user profile are gender, age range, income range, geographic location, what motivates them, what they fear most, who is their hero, what they read, and the general reason they are buying this product.

If you don't have someone from the demographic already on your founding team, you should hire a target end user for your executive team.

Your analysis of your target customer is nowhere near complete, but the End User Profile points you in the right direction for further steps.

**Step 4: Calculate the Total Addressable Market (TAM) Size for the Beachhead Market**

Defining your beachhead market and End User Profile provides you with enough specificity to make a first-pass calculation of the Total Addressable Market (TAM) size for the beachhead market. The TAM for your beachhead market is the amount of annual revenue, expressed in dollars per year, your business would earn if you achieved 100 percent market share in that market.

To calculate the TAM, first determine how many end users exist that fit your End User Profile using a bottom-up analysis based on primary market research. Then, complement this with a top-down analysis to confirm your findings. Often very important subtleties are missed in a top-down analysis only, so you need both. Then, determine how much revenue each end user is worth per year. Multiplying the revenue per end user by the number of end users will give you the TAM as dollars per year.

You are looking for a market that is big enough for you to get to critical mass, develop key capabilities, and get to cash-flow positive in the market. However, if the market is too big, you will likely not have sufficient resources to compete. The goal of this exercise is not to impress others with a big number, but to develop a conservative, defensible TAM number that you have faith in.

**Step 5: Profile the Persona for the Beachhead Market**

The Persona is a person who best represents the primary customer for the beachhead market. The Persona you are creating is of one end user from one potential customer who best exemplifies your End User Profile. The process of defining a Persona for your beachhead market makes your target customer tangible so that all members of the founding team, and all employees, have absolute clarity and focus on the same goal of making your target customer successful and happy.

No one end user represents 100 percent of the characteristics of every end user in your End User Profile. But as you work toward defining the Persona, you will be able to find someone who matches the profile quite well. You will then focus your product development around this individual, rather than on the more-general End User Profile.

This process is important, so you should involve all the key members of your team, regardless of their role in the group.

Prepare a fact sheet about the Persona, based on the information you already have. You will typically want to include information about the person's life as well as the person's job. All this information should be specific — not just that they make a five-figure salary or live in the northeastern part of the country, but that they earn $65,000 a year and live in a specific town. By preparing a fact sheet, your team will also identify key facts specific to your business that you will want to include in order for the Persona to be useful to you. In your fact sheet, you will use the end user's real name or you can use an alias instead.

Most importantly, you want to list the Persona's Purchasing Criteria in Prioritized Order, as these priorities will dictate what purchasing decisions the Persona makes. It is crucial to understand how your customer prioritizes their needs and wants.

Creating the Persona is more than just an exercise. The Persona should become a touch point as you think about decisions going forward. What features should you prioritize? Drop? How should you allocate resources? Once the Persona is done, it will help guide all kinds of decisions and create a consistent vision throughout the company.

The better you understand your Persona's needs, behaviors and motivations, the more successful you will be at making a product and a new venture to serve them. Once you have made a picture or visual of your Persona and fleshed out the fact sheet, make it all visible within your business so that everyone works toward the same goal.

**Step 9: Identify Your Next 10 Customers**

While it is important to identify and develop a Persona to represent your end users, you must also be sure to identify other potential customers to ensure your product's success. This will dramatically increase your confidence that you have identified a scalable opportunity, not just a one-customer solution, as well as your credibility.

- List more than 10 potential customers, and include any pertinent information you have about them from your existing research.
- Contact each of the potential customers on your list, and present your Full Life Cycle Use Case, High-Level Product Specification and Quantified Value Proposition (Steps 6-8). Be sure to stay in "inquiry" mode during these conversations and not to slip into "sales/advocacy" mode.
- If a customer validates your hypotheses from the previous steps, now is a good time to ask the customer if they would consider providing a letter of intent to buy your solution, once it is available. You are still in "inquiry" mode, so you're just asking.
- If a customer's feedback is not aligned exactly with your assumptions, take good notes and think how this affects your analysis.
- Now that you have contacted each customer, you may have new data. At this point, you can go back and modify your earlier assumptions and determine whether to contact additional customers.
- If you find that you cannot create a list of 10 customers who are excited about your High-Level Product Specification, then you may need to reconsider your beachhead market.

While this step is conceptually simple, contacting customers and getting information from them will require a good amount of work but will be invaluable as you move forward. Do not share this list of customers or the information you gather with others outside your company.

## What Can You Do For Your Customer? (Steps 6,7,8,10,11)

**Step 6: Full Life Cycle Use Case**

Now that you have assembled great specificity about your end user and are focused on your target customer, you have to collect equally specific details about how this person will use the product. You must describe in detail steps such as how your Persona finds out about your product, acquires it, uses it, gets value from it, pays for it, and buys more and/or tells others about it.

The Full Life Cycle Use Case should be visual, using diagrams, flowcharts or other methods that show sequence. Creating a visual representation of the full life cycle of your product enables you to see how the product will fit into the customer's value chain and what barriers to adoption might arise. Just showing how the customer uses the product will not provide an accurate enough picture to fully understand what obstacles will come up when trying to sell your product to your target customer. This expanded use case is important for identifying and resolving problems in the most timely and cost-effective manner.

**Step 7: High-Level Product Specification**

Now you will start creating a general definition of the product. You will continue to learn more and to refine this product definition over the remaining steps.

A High-Level Product Specification is, at its core, a drawing. It is a visual representation of what your product will be when it is finally developed based on what you know at this point of the process. It is something you draw without understanding all the underlying details, but which gains consensus within your team on where you are going.

Visually laying out your product will allow your team and your potential customers to converge around an understanding of what the product is and how it benefits customers. Staying at a high level, without too many details or a physical prototype, allows for rapid revision without investing too much time and resources this early in the process. A brochure with features, function and benefits to the customer further clarifies your product offering and is a great complement to the pictures you create.

### Step 8: Quantify the Value Proposition

Your Quantified Value Proposition converts the benefits your Persona gets from your product into a tangible metric that aligns with the Persona's top priority or, in some cases, priorities. In a simple view of the world, benefits fall into three categories: "better," "faster" and "cheaper." The goal of the Quantified Value Proposition is to clearly and concisely state how your product's benefits line up with what your customer most wants to improve.

The Quantified Value Proposition is framed by the top priority of the Persona. You first need to understand and map the "as-is" state in a way familiar to the customer, using the Full Life Cycle Use Case. Then, map out the "possible" state of using your product, clearly indicating where the customer receives value based on the Persona's top priority. A visual, one–page diagram is best, because the customer can easily see the Quantified Value Proposition and can show it to others for validation. When done well, this will be of immense value to you throughout the process of launching your business, so extra effort spent to get this optimized is well worth it.

### Step 10: Define Your Core

Now you will start looking to the future by determining what about your business makes you special, what your "secret sauce" is.

The Core is something that allows you to deliver the benefits your customers value with much greater effectiveness than any other competitor. You are looking for that single thing that will make it very difficult for the next company that tries to do what you do. A few examples include

- Network effect: If this is your Core, you become the standard by achieving so much critical mass in the marketplace that it does not make sense for potential customers to use another product. Essentially, this means the value of the network to any individual on that network is exponentially related to the number of users on that network. The company with the most users is the most valuable. Examples of businesses that achieved this are eBay, LinkedIn and Facebook.
- Customer Service: By establishing processes and culture that focus on excelling at customer service, this potential core allows you to retain customers at a very high rate as compared to competitors and thereby avoid costly churn. Visible examples of this are Zappos, Warby Parker, Nordstrom and Commerce Bank.
- Lowest Cost: Another Core you may pursue is to develop the skills, relationship, processes, volumes, financial overhead and culture to out-compete anyone else in the market on cost and become the long-term low-cost player. Wal-Mart is a good example of this Core.
- User Experience: There are a multitude of new strategies that have evolved into potential Core strengths, and a common one now is user experience (UX). The strategy here would be to become the best at developing and continually improving the UX through the company's emphasis on it. Clearly, this has been Apple's Core as it produces products that leverage the company's capabilities and commitment to an insanely great user experience.

Defining the Core is the first step where you spend a lot of time looking internally, in contrast to the strong customer focus of many of the other steps. The Core is what you have that your competitors do not, what you will protect over time above all else, and what you continually work over time to develop and enhance.

### Step 11: Chart Your Competitive Position

A Competitive Positioning Chart helps you to show visually how you fulfill your Persona's top two priorities versus how well your competition does so. The goal is to show that your Competitive Position both leverages your Core and that your product satisfies your Persona's priorities far better than existing or logical future products. If both of these are not true, you may need to revisit your market selection or your Core.

Defining your Competitive Position is a quick way to validate your product against your competition. This is also a very effective vehicle to communicate your qualitative (not quantitative) value proposition to the target customer audience in a way that should resonate with them.

## How Does Your Customer Acquire Your Product? (Steps 12,13,18)

### Step 12: Determine the Customer's Decision-Making Unit (DMU)

You must now look at how the customer acquires the product. To successfully sell the product to the customer, you will need to understand who makes the ultimate decision to purchase as well as who influences that decision. The Champion and the Primary Economic Buyer are most important, but those holding Veto Power, as well as Primary Influencers, cannot be ignored. B2B situations are easier to map out, but the process is still important in a consumer situation; large consumer goods companies like Procter & Gamble have been doing this process for many years.

### Step 13: Map the Process to Acquire a Paying Customer

The following items from the Full Life Cycle Use Case (Step 6) will be the basis for mapping the process to acquire a paying customer: how customers will determine they have a need and/or opportunity to move away from their status quo; how customers will find out about your product; how customer will analyze your product; how customers will acquire your product; how customers will install your product; how customers will pay for your product.

Determining the Process to Acquire a Paying Customer defines how the DMU decides to buy the product, and identifies other obstacles that may hinder your ability to sell your product. From elongated sales cycles to unforeseen regulations and hidden obstacles, selling a product can sometimes be far more difficult than simply meeting the Persona's needs. This step makes sure you have identified all the potential pitfalls in the sales process.

### Step 18: Map the Sales Process to Acquire a Customer

In this step you must develop short-term, medium-term and long-term sales strategies for your product. Mapping the sales process is a thoughtful first pass at how you will enter the market, refine your sales strategy over time, and ultimately establish an inexpensive long-term strategy for customer acquisition. The sales process includes creating awareness, educating the customer, and handling and processing the sale. The sales process drives the Cost of Customer Acquisition (COCA), one of the variables — along with the Lifetime Value of an Acquired Customer — that shows your business's profitability.

## How Do You Make Money Off Your Product? (Steps 15,16,17,19)

### Step 15: Design a Business Model

Entrepreneurs often spend a disproportionately small amount of time on their business model. The track record shows that companies that spend time and effort on innovative business models can see enormous payback. As a new business, you will have many options for business models, but it is very difficult to change a business model once you have established a base of customers. Use the work you have done in other steps to brainstorm an innovative model for your venture. The decisions you make will have a significant impact on your profitability. Choose a business model that distinguishes you from competitors and gives you an advantage over them.

### Step 16: Set Your Pricing Framework

With a business model in hand, you can now make a good first estimate on your Pricing Framework, understanding that it will likely change as you continue through the 24 Steps. This step is the beginning of a pricing process because you will likely end up with multiple price points and pricing strategies, and you will iterate as you experiment and get feedback from the market about price points. Whereas your Business Model is much less likely to change, price points are often subject to change based on market conditions. Your goal for the moment is to create a first-pass strategy that will allow you to calculate the Lifetime Value of an Acquired Customer, which along with the Cost of Customer Acquisition is an important variable that indicates the profitability of your business. Pricing is primarily about determining how much value your customer gets from your product and capturing a fraction of that value back for your business.

### Step 17: Calculate the Lifetime Value (LTV) of an Acquired Customer

The LTV calculation along with the COCA calculation will help you determine how profitable your business will be in the beachhead market. The LTV serves as the most fundamental checkpoint both to determine how viable the business is and to make sure you clearly understand what will drive the sustainability and profitability of the business so that you stay focused going forward. It is important to be realistic, not optimistic, when calculating LTV and to know the underlying drivers behind LTV so you can work to increase it. You will be comparing the LTV to the COCA. An LTV:COCA ratio of 3:1 or higher is what you will be aiming for.

### Step 19: Calculate the Cost of Customer Acquisition (COCA)

Next, you must determine how much it costs to acquire a customer over the short term, medium term and long term, based on your sales process. An effective way to calculate an accurate COCA is to tabulate your aggregate sales and marketing expenses over a period of time; then divide that by the total number of new customers you acquire within that time period. Since your COCA will vary over time as your sales process changes and your organization is in the learning curve and you develop strong positive word of mouth within your target customer group, you should calculate it over time. I recommend three time periods in order to show how the COCA is trending.

## How Do You Design & Build Your Product? (Steps 20,21,22,23)

### Step 20: Identify Key Assumptions

Determine which assumptions about your business have not been thoroughly tested. Identifying key assumptions is the first part of the process to validate your primary market research by looking for customers to take specific actions. Before the assumptions can be tested, they need to be broken down into their component parts so that each assumption represents a specific, narrow idea that can be empirically tested.

### Step 21: Test Key Assumptions

Once you've identified the key assumptions, it is often not hard to test them. The goal is to gather empirical data that either supports or disproves your assumptions. Testing these prepares you well to sell your product because it complements the primary market research-based approach you have already taken. The convergence of your market research with empirical results from your experiments prepares you to put together a first-pass product and sell to customers.

### Step 22: Define the Minimum Viable Business Product (MVBP)

The Minimum Viable Business Product (MVBP) sets you up to test that customers will pay for your product. There are three core elements necessary to have a MVBP. All three must be present for this step to be successfully completed. They are: 1) the customer gets value out of the product 2) the customer pays for the product 3) the product is sufficient to start the customer feedback loop, where the customer can help you iterate toward an increasingly better product. Your MVBP should balance simplicity with sufficiency.

### Step 23: Show That "The Dogs Will Eat the Dog Food"

Now, take your MVBP, put it in front of your target customer, and test whether this integrated system of assumptions will be accepted and paid for by your target customer. Collect data to see if they are really using it and how engaged they are as users. Make sure you are intellectually honest and rely on real-world data and not abstract logic.

## How Do You Scale Your Business? (Steps 14, 24)

### Step 14: Calculate the Total Addressable Market Size for Follow-on Markets

You should be able to identify at least five or six follow-on markets. There are two types of follow-on markets. One involves selling the same customer additional products or applications, which is often referred to as upselling. The second market, and the path often taken by innovation-based startups, is to sell the same basic product to "adjacent markets," which are markets similar to your beachhead. The challenge is that you will have to establish new customer relationships in each adjacent market, which can be risky and expensive. You can pursue either strategy or a mixture of the two after dominating your beachhead market.

The Calculation of the Broader TAM should be a quick validation that there is a bigger market and should reassure team members and investors that your business has great potential in both the short term and long term.

### Step 24: Develop a Product Plan

Establishing a Product Plan is to get you thinking ahead so you raise your sightlines and don't get too bogged down in your beachhead market. Plans will change as you learn more from the beachhead, but to not have a plan is to put yourself in the hands of luck as opposed to your own methodical process.

Entrepreneurship is not a spectator sport. Historically, it has been the intrepid spirit and skill of the entrepreneur that has come up with the best solutions for the world's problems. Hopefully, this framework will make you more successful as you put it into action.

### RECOMMENDED READING LIST

If you liked *Disciplined Entrepreneurship*, you'll also like:

1. ***Disciplined Dreaming*** by Josh Linkner. Linkner shows how to create profitable new ideas, empower all your employees to be creative, and sustain your competitive advantage over the long term.

2. ***The Pumpkin Plan*** by Mike Michalowicz. Michalowicz shares his unique step-by-step approach to grow a business that he has used to transform his own company into a multimillion-dollar industry leader.

3. ***Flash Foresight*** by Daniel Burrus. Burrus provides an easy-to-implement blueprint for applying strategies to your business that will enable you to see the invisible and do the impossible.

· Book 4 of 67 ·

# 38-03 - Content Inc.

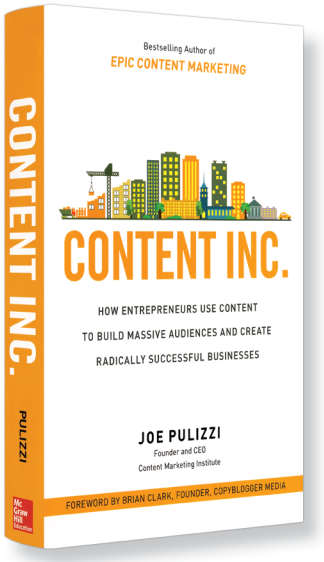
Soundview Executive Book Summaries

soundview
Executive Book Summaries®



# Content Inc.

## How Entrepreneurs Use Content to Build Massive Audiences and Create Radically Successful Businesses




by Joe Pulizzi

### THE SUMMARY IN BRIEF

What's the surest way to startup failure? Follow old, outdated rules. In *Content Inc.*, one of today's most sought-after content-marketing strategists reveals a new model for entrepreneurial success. Author Joe Pulizzi flips the traditional entrepreneurial approach of first creating a product and then trying to find customers. It's a brilliant reverse-engineering of a model that rarely succeeds.

Today's markets are more dynamic and customers are more fickle than ever before. Why would you put all your eggs in one basket before securing a loyal customer base? *Content Inc.* shows you how to get customers first and develop products later. It's the best way to build a solid, long-lasting business positioned for today's content-driven world.

A pioneer of content marketing, Pulizzi has cracked the code when it comes to the power of content in a world where marketers still hold fast to traditional models that no longer work. In *Content Inc.*, he breaks down the business-startup process into six steps, making it simple for you to visualize, launch and monetize your own business.

Whether you're seeking to start a brand-new business or drive innovation in an existing one, *Content Inc.* provides everything you need to reverse-engineer the traditional entrepreneurial model for better, more sustainable success.

### IN THIS SUMMARY, YOU WILL LEARN:

- Why you should build an audience before you develop products.
- The three ingredients of the "sweet spot" and how to find them.
- How to develop unique content and find your audience.
- How to diversify your offerings.
- Various strategies for monetizing your Content Inc. model.

### CONTENTS

**The Sweet Spot**
Page 3

**The Content Tilt**
Page 4

**Building the Base**
Page 5

**Harvesting Audience**
Page 6

**Diversification**
Page 7

**Monetization**
Page 7

**Building the Revenue Model**
Page 8

Published by Soundview Executive Book Summaries®, 511 School House Rd., Suite 300, Kennett Square, PA 19348 USA
© 2016 Soundview, Inc. • All rights reserved. Reproduction in whole or part is prohibited. • www.summary.com
Vol. 38, No. 1 (3 parts), Part 3, January 2016 • Order #38-03

# THE COMPLETE SUMMARY: **CONTENT INC.**

**by Joe Pulizzi**

**The author:** Joe Pulizzi is an entrepreneur, professional speaker and podcaster. He is the founder of several startups, including the Content Marketing Institute (CMI),recognized as the fastest growing business-media company by *Inc. Magazine* in 2014. Pulizzi's book *Epic Content Marketing* was named one of *Fortune* magazine's five must-read business books of the year.

From *Content Inc.: How Entrepreneurs Use Content to Build Massive Audiences and Create Radically Successful Businesses* by Joe Pulizzi. Copyright © 2015 by Joe Pulizzi. Summarized by arrangement with the publisher, McGraw-Hill Education. 352 pages, $25, ISBN: 978-1-259-58965-2. To purchase this book, go to www.amazon.com or www.bn.com.

Summary copyright © 2016 by Soundview Executive Book Summaries® www.summary.com, 1-800-SUMMARY.

## Introduction

The absolute best way to start a business today is *not* by launching a product but by creating a system to attract and build an audience. Once a loyal audience is built, one that loves you and the information you send, you can, most likely, sell your audience anything you want. This model is called Content Inc.

Before 1990, large media companies had the most power because they controlled the information channels … they controlled the audience. Now 25 years later, that power has almost completely shifted to the consumer. Today anyone, anywhere, can publish books, develop media sites and create feature-length movies, with each one having the ability to reach an audience directly. For example, writer-director Sean Baker released his latest movie, *Tangerine*, at the 2015 Sundance Festival to glowing critical review. The big deal? He filmed the entire movie using an iPhone 5S.

Disruption is happening everywhere, but nowhere is this more apparent than around content creation and distribution. Entrepreneurs and small businesses need to be rejoicing. Today's availability of technology means that any business in any industry can develop an audience through consistent storytelling. No longer does the company with the biggest marketing budget win the most attention. Businesses are now rewarded on the substance of their message and on the audience they can attract through the consistent flow of information.

### Enter Content Inc.

Content Inc. tells us that there is a better way and a better model that leads to a better life for entrepreneurs and business owners. There are six distinct steps to the Content Inc. model.

**The Sweet Spot:** Mixing a knowledge area or skill with a passion area.

**The Content Tilt:** Looking at the traditional content niche defined as slightly off-center, to create a true differentiation area.

**Building the Base:** Consistent publishing in one core channel.

**Harvesting Audience:** Converting the publishing activity to the asset of subscribers.

**Diversification:** At the proper time, expanding the publishing process to additional channels.

**Monetization:** Monetizing the audience through the selection of products or services that will be the source of revenue and profit for the business.

### A Thought on Why

Don Schultz, the father of integrated marketing and author of Integrated Marketing Communications, discusses the idea that any company, anywhere in the world, can copy everything about what you as a company do … except for one thing — how you communicate. The way we communicate with our prospects and customers is the one remaining way we can actually be different.

This is why entrepreneurs that follow a Content Inc. strategy have a strategic advantage over other companies. The entire business model is dedicated to developing content experiences and building an audience and not to pitching products in any way.

When all your focus is on an audience you know deeply, instead of a product, good things usually happen. When we listen intently to our audience, we are auto-

**1-800-SUMMARY**
**service@summary.com**

**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 511 School House Road.,Suite 300, Kennett Square, PA 19348 USA. Published monthly. Subscriptions starting at $99 per year. Copyright © 2016 by Soundview, Inc. **Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Ashleigh Imus**, Senior Editor; **Masiel Tejada**, Graphic Designer; **A. Imus**, Contributing Editor

matically led to new product opportunities. The challenge is that sometimes we don't know when the model will take shape — and that's why patience with the Content Inc. model is key. As Chris Brogan, founder of Owner magazine, states, audiences are eager for their lives to be changed in some way. Focusing on that gives Content Inc. the advantage.

## The Sweet Spot

The Content Inc. model is dependent on first identifying the sweet spot. Simply put, the sweet spot is the intersection of a knowledge or skill area and a passion point.

Andy Schneider's sweet spot mixes his knowledge of backyard poultry with his passion for teaching. He is the backyard poultry king and has become the go-to resource for anything and everything chickens. As Andy began to raise chickens in his Atlanta-area backyard, he began to sell them to his friends directly and then on Craigslist. There were many who were interested in raising their own chickens, but they needed a lot of education to just get started. So Andy formed a "meetup" in Atlanta to answer questions from those interested in backyard poultry.

As the club grew, local media started to notice. The local CBS affiliate did an interview with Andy, which was picked up by Atlanta's major newspaper, the *Atlanta Journal Constitution*. From there, Andy grew the Chicken Whisperer platform into a book, a magazine (with over 60,000 subscribers) and a radio show, which has now run for over five years with more than 20,000 weekly subscribers. He also travels around the country doing road shows, exclusively sponsored by Kalmbach Feeds, his major financial supporter.

**Finding your skill or knowledge area.** The model can work by identifying either an exceptional knowledge area or a unique skill. Knowledge is information acquired about a particular subject through study or observation. Simply put, skill is knowledge used properly.

If you are an individual, begin by listing those areas in which you have a large skill set or knowledge area in something, versus the average person. This is brainstorming time, so more is better at this point. If you completed the exercise correctly, you should have vastly more knowledge areas than skill areas.

**Unleashing your passion.** Skill is one thing, but the passion is the energy behind what makes the model successful. It's why for months, and in many cases years, entrepreneurs create their content, ultimately waiting for the payoff. Simply put, for Content Inc. to work, you need to get up every day loving the right side of that sweet spot, or the work doesn't get done. With Content Inc., passion is the fuel that makes the engine go. All the skill in the world won't make your content engine go without passion.

If you are an established company with an existing product base, finding the sweet spot between knowledge or skill and passion may not come naturally. In these cases, replace passion with a customer pain point area.

### Adding Audience to Your Sweet Spot

In order to complete the sweet spot formula, we need to identify the "who." Who is the audience for your content? Remember, for the Content Inc. model to work, we need to figure out how we can build the engine that positions us as the leading informational expert in our particular market niche. We want to define our audience as specifically as possible.

Ask the following questions:

- Who is he or she? How does this person live an average day?
- What's the person's need? This is not "Why does the person need our product or service?" but "What are his or her informational needs and pain points as they relate to the stories we will tell?"
- Why will this person care about us, our products, our services? It's the information provided to him or her that will make that person care or garner attention.

Your idea of the "who" doesn't have to be perfect, but it needs to be detailed enough so that you can clearly visualize this person in your head as you develop content.

As we add in our audience group, we've added a new dimension to our sweet spot. Let's go back to the Chicken Whisperer. Andy Schneider's original sweet spot was a knowledge area of backyard poultry and a passion for teaching and instruction. Now let's add the audience to make our sweet spot come to life. We have enough information to capture the sweet spot in a single sentence. Andy Schneider's mission statement might have looked something like this: Helping suburban homeowners answer all their possible questions regarding raising chickens at home.

In the movie *The Grand Budapest Hotel*, the job of the lobby boy was to know the clientele so well that he could anticipate their needs. That is your role now. Your job is to learn your audience so well that you'll be able to develop ongoing content that is so good, the people in your audience are not even aware they needed it in the first place.

## The Content Tilt

If Content Inc. is going to work for you, your content must be different. It must fill a content hole that is not being filled by someone else. We must find a problem area that no one else is solving and exploit that area with content. This is called "content tilting."

The word tilt has two primary definitions. The first is to cause to lean, incline, slope or slant. If we tilt a glass or a table, we get to look at it from a different perspective. The second definition of tilt is to aim or thrust, as you would tilt a lance in a joust. With this tilt, we look at the content niche in such a way that creates the opportunity for us to attack, and lead and ultimately own the category.

While identifying the sweet spot is critical to the Content Inc. process, it's the content tilt that will separate you from everyone else in your market area. Without "tilting" your content just enough to truly have a different story to tell, your content will fade into the rest of the clutter and be forgotten.

Let's say someone rounded up all your content and placed it in a box, like it never existed. Would anyone miss it? Would you leave a gap in the marketplace? If the answer to this is no, then we've got a problem, Houston. We want customers and prospects needing … no, longing for our content. It becomes part of their lives … their jobs.

Today, it's harder and harder to buy attention. You have to earn it. Earn it today, tomorrow, and five years from now by delivering the most impactful information your customers could ever ask for. Set the uncomfortable goals that will take your business to the next level.

### Discovering Your Content Mission

A mission statement is a company's reason for existence. It's why the organization does what it does. For example, Southwest Airlines' mission statement is to democratize the travel experience. The mission statement for CVS is to be the easiest pharmacy retailer for customers to use. So, in simple terms, the mission statement answers the question, "Why do we exist?"

Your content tilt needs to be expressed in a way that you can communicate to your audience. It's a bold statement when you put your flag in the ground and tell your audience why you are different.

Three parts of the content mission statement are

- the core target audience
- the material that will be delivered to the audience
- the outcome for the audience.

My favorite mission statement from a traditional media company is from Inc. magazine: "Welcome to Inc.com, the place where entrepreneurs and business owners can find useful information, advice, insights, resources and inspiration for running and growing their businesses."

Note that nowhere in the mission statement is Inc. talking about how it makes money. That's where most startups go wrong with their content creation … they always want to talk about what they are going to sell. If you do that, you'll never even get off the ground with your Content Inc. strategy.

The best Content Inc. programs revolve around aspirations, not needs. Focusing on pain points just gets you to the front door. To get to the heart of your customers' needs, you have to focus on what they want to be and help them get where they really want to go. Instead of the basics like "saving money" and "lowering costs," let's raise the bar to things like "giving our customers more free time to live the lives they want to" or "being a person that can make a difference in the world."

### Ways to Unearth Your Content Tilt

To succeed with Content Inc., you need to create a platform that is the leading informational or entertainment resource around your content niche. This is not easy to do. Many entrepreneurs have ideas about what it is they want to create content around; they just don't go that extra mile to clearly differentiate themselves. Here are some strategies and tactics you can leverage to help identify your content tilt.

**Amazon.com press release method.** Ian McAllister, general manager for AmazonSmile, Amazon's charitable arm, states that before a new product is presented for development at Amazon, Jeff Bezos, Amazon's CEO, requires that a full press release be written as if the product were fully built and ready to launch. "Iterating on a press release is a lot less expensive than iterating on the product itself (and quicker!)," says McAllister.

**Ask your potential readers.** Asking your customers or potential readers seems like such a simple thing to do, but sadly it's rarely done. Here is an opportunity to take advantage of what large enterprises don't do well — talk to your readers. Whether you ask potential readers (which could be your friends or family) face-to-face or you send out a survey (using a tool like SurveyMonkey) via email, either or both ways should be part of your regular strategy. This is especially critical in the beginning stages as you are discovering your niche.

**Testing tilts.** Jay Acunzo from NextView Ventures employs a testing strategy every time he's considering a new content area. Recently, while gathering data for a target content area, he took small subsets of his database

and sent out test content to different groups. For each one, he measured the open rate, the click-through, the on-site engagement and the unsubscribe rate. He did this for six weeks and, at the end of the process, identified a clear and overwhelming winner in a certain content subcategory.

Sometimes, to find your content tilt, you simply have to get started, do the work and discover the opportunities. Perfection is unattainable with content, so if you have stalled your plans until you find the right tilt, the best prescription may be to just begin the creation process.

## Building the Base

As Michael Hyatt said in his book and blog, both entitled *Platform*, your ideas and stories need a place to live if you are going to succeed. According to Michael, "Without a platform — something that enables you to get seen and heard — you don't have a chance. Having an awesome product, an outstanding service or a compelling cause is no longer enough."

You have two choices to make when building your platform:

1. How will you tell your stories? Will it be through written word, through video, through audio or in person?
2. Where will you tell your stories? What channel will you choose to distribute your content?

Mathew Patrick from Game Theory decided to create consistent videos and distribute them on YouTube. Darren Rowse from Digital Photography School uses mostly articles with images, leveraging a website developed in WordPress. John Lee Dumas from EntrepreneurOnFire (EOF) does a podcast every day; he distributes it mainly through iTunes, Stitcher and SoundCloud and delivers show notes on a website.

Here are six principles of content marketing that work. You need to remember these at all times during the process of building and executing your platform.

1. Fill a need.
2. Be consistent.
3. Be human.
4. Have a point of view.
5. Avoid "sales speak."
6. Be best of breed.

The majority of Content Inc. success stories fall into these following content types: articles or blogs (or content-based websites), E-newsletter programs, videos and podcasts.

Now that you know how you are going to tell your story, you need to decide how you are going to deliver the content — the channel. You need to consider two major questions when making this decision:

- What channel offers the best opportunity to reach my target audience? (Reach)
- What channel gives me the most control over presenting my content and building my audience? (Control)

Although social channels, such as Facebook and LinkedIn, are great places to build your digital footprint and followers, you ultimately have no control over what those companies do with your connections.

Look at the fastest-growing media companies of today, such as BuzzFeed or Vice Media, or more mature new media platforms, such as the *Huffington Post*. You can even look at a traditional publisher like the *New York Times* or *Time* magazine. In every case, they build websites or print properties (both with subscribers) that they can own and control, and they leverage other channels to drive people back to the sites they own so they can convert passersby into an audience they can monetize.

### Content Ideation

To get to a point of Content Inc. success, we need to do the work. Now that you've identified your sweet spot and determined what differentiates you and your content, coming up with consistently compelling content ideas may seem daunting. Putting in the work makes all the difference.

There is no one right way to develop ideas for your content projects, but you do need a process. Before you can determine what kind of content you need, you first need to figure out what you have. In addition, you need to determine whether what you have is any good at all or, better yet, whether you have some raw content that is still incredibly valuable that you can leverage throughout your Content Inc. strategy.

**Fifty questions.** Open a notebook and make a list of questions your audience would like to know about. At this point, there is no wrong answer. Don't stop and correct anything — just write questions. Finish your list of 50 questions, and take a break. After a while, come back to the list to find the diamonds.

**Leveraging freewriting.** Freewriting, also called stream-of-consciousness writing, is a writing technique where the person writes for a set period of time without regard for spelling or even the topic. Natalie Goldberg, author of The True Secret of Writing, outlines the rules of freewriting to include

- Give yourself a time limit. Write for a set period, and then stop.
- Keep your hand moving until the time is up.
- Pay no attention to grammar, spelling, punctuation, neatness or style.
- If you get off topic or run out of ideas, keep writing anyway.
- If you feel bored or uncomfortable as you're writing, ask yourself what's bothering you, and write about that.
- When the time is up, look over what you've written, and mark passages that contain ideas or phrases that might be worth keeping or elaborating on in a subsequent freewriting session.

**Twitter hashtags.** Your industry may have a number of hashtags that can be a beacon for new content. For example, there are multiple conversations on the web going on around "intelligent content." The hashtag for intelligent content is #IntelContent. By searching Twitter or setting up a dashboard with a Twitter management system such as Tweetdeck, you can monitor what is going on around the topic in social media.

**Analyze your analytics.** Make a habit of looking into your analytics on a weekly basis. Find out what people are most interested in and how they are finding your content. It may make sense to create more content around what's most important to your audience.

## Harvesting Audience

Your sole focus is on one simple metric — the subscriber. When you go to sleep at night, you should be thinking of attracting subscribers. When you wake up in the morning, you should have subscribers etched in your brain. The Content Inc. model only works if you can build a loyal audience of subscribers over time. Period.

Like a subscription to Netflix or (in days past) a newspaper subscription, your goal is to deliver such amazing value through content that your audience is willing to give some piece of personal information up as a value exchange (email address, home address, etc.). The only difference in your situation from the Netflix example is that you are giving your content away for free, so that you can monetize that relationship at a later point.

Your goal is to build content assets where you have the maximum amount of control. This is especially true for the types of subscribers you attract. While any fan, follower or subscriber can be a good thing, they are not equal in value. If you have a choice, email subscribers are the most valuable ultimately because of control. Extremely helpful and relevant emails will break through the clutter.

As you employ your Content Inc. strategy, you need some kind of email offering. This could be a daily email newsletter based on your original blog, daily email newsletter curating the best information from the Web, weekly email newsletter or weekly report offering industry insight or a report offering a fresh idea to your audience every month.

Think about the last time you clicked on an article on social media and it directed you back to the website. If it's like most sites, the calls to action were all about the products. Perhaps a product demo? Maybe a new product offering? With a Content Inc. model, every piece of content we send out drives to another piece of content that can be subscribed to (an email offering). At CMI, our best subscription generator is a pop-over (sometimes called a "pop-up").

Other ways to enhance your subscription opportunities include

- Ask for only an email address, or just a name and email address, for starters. Asking for too much information at first will damage your ability to gain subscribers.
- Promote subscriptions on your website and social platforms.
- Place subscription options in the footer of your email signature line. Do the same for all your employees.
- Leverage SlideShare Pro, where you can upload PowerPoint-type presentations and collect email names (subscriptions) when people download them.

### Building for Findability

According to the 2015 Content Marketing Benchmark research from Content Marketing Institute and MarketingProfs, more marketers are focusing on content promotion than ever before. Why? Companies of all sizes are spending vast amounts of money on content creation, only to find out that no one is engaging in that content.

**Search engine optimization.** Getting your content found through search engines is the king of content findability. According to Web-presence management company Conductor, approximately half of all Web traffic comes from organic search (nonpaid results). For the Content Inc. model to be successful, you need to focus on search engine optimization (SEO) at all times.

**Guest appearances in OPC.** OPC is short for "other people's content." The more our thinking gets spread around in OPC, the better chances we will have to attract new people to our site and build subscribers.

**Create more lists with your content.** Lists get found and shared. As a result, more people blog and link to that content, making it easier to be found in search engines.

**Consider Stumbleupon.** Readers use Stumbleupon to find or "stumble" onto relevant articles and sites based on their current interests. Statcounter found that of the top seven most-trafficked sites, Stumbleupon is one of the leaders in driving traffic to those sites. Adding Stumbleupon to your site toolbar would be a solid first step.

**Create unique research.** If this could be an opportunity for you, be sure you plan your research as an ongoing series, like quarterly or annually. That means every time the research is released, you have something new and amazing to talk about.

**Content syndication.** Syndicating your content means you actively place your articles on other people's sites. In the past, many have thought that search engines like Google penalize your site for duplicate content. Google says this isn't true.

**Add images to your text content.** Skyword research has found that business-oriented Web pages with images have performed 91 percent better than those pages without images.

## Diversification

You built the model and are reaping the rewards with new subscribers and audience loyalty. Now is the time to diversify your portfolio and stake your claim as the leading voice in the industry. In Content Inc. interviews we find trends, consistencies and surprising repetition in the patterns that define success. This is called the "three and three" model. The first three are personal.

In *Jeopardy* style,

The answer: A blog, a book and speaking.

The question: What are the three most critical strategies an entrepreneur can do to build a thriving personal brand?

Jay Baer, Ann Handley, Marcus Sheridan, Michelle Phan, Ann Reardon and other successful thought leaders from around the world such as Michael Hyatt and Tony Robbins have used this strategy. Each of these successful entrepreneurs leverages the same formula.

**The blog.** A place on the Web where you distribute your differentiated story on a consistent basis and which is shared by your audience to gain wider reach. Most Content Inc. strategies use this as the main platform.

**The book.** The greatest business card on the planet. The book is your story in physical form. If someone asks you what you are all about, you hand the person the book.

**Speaking.** The blog and the book lead to public speaking opportunities. Conference providers from around the world will reach out to you to gain your insight and expertise in the area you now own.

Now we turn our attention to the second "three" of our model. In contrast to the first three, which are personal, the next three — digital, print and in person — are business. Take a look at some media brands that you may have heard of:

**ESPN.** Multiple properties in digital, a print magazine and multiple in-person events.

**Forbes.** Multiple properties in digital, a print magazine and multiple in-person events.

**Inc.** Multiple properties in digital, a print magazine and multiple in-person events.

The three legs of the publishing stool — print, digital and in person — are the three key channels. To be the true informational expert for your niche (like those listed above), you need all three. As you begin to learn more about the behavior of your audience, you'll see patterns showing that the more you can get the people in your audience to engage in your content in different ways, the more likely they will be to buy from you.

Marketers today are so focused on digital channels that they've all but forgotten the power of print. There has never been a bigger opportunity for brands in the printed channel than right now. Here are a few reasons to starting thinking print: It grabs attention; customers still need to know what questions to ask; a publisher recently said, "The Web is where we go to get answers, but print is where we go to ask questions." In addition, print still excites people, and print lets people unplug.

In-person events and conferences continue to grow. As more people connect socially, we are seeing an increased need for those people to meet face-to-face. Some questions to consider: Does your content niche have a dedicated event? If the answer is yes, could there be an opportunity to develop a small event for just one particular portion of your audience.

You may want to consider launching a digital event to test the waters. Webinars and virtual trade-show technology from companies like ON24 and GoToWebinar are relatively inexpensive and logistically much easier to produce.

## Monetization

You've created a relationship with a loyal audience. You've built the base and have diversified into multiple channel extensions. Now is the time to reap the rewards.

As Brian Clark discusses in the Foreword of this book, Content Inc. models can better monetize the program when they get to their MVA, or minimum viable audience. As he explains, "An MVA is the point when your audience starts growing itself through social sharing and word-of-mouth. Even better, it's also when you start getting the feedback that tells you what product or service your audience actually wants to buy."

Successful Content Inc. companies don't just get to an MVA point or level-of-subscribers point and then make a decision to sell a product. All along the way, these savvy entrepreneurs are leveraging creative thinking to sustain the business model while it is being developed and is growing.

If you are like most Content Inc. entrepreneurs, you need to identify revenue opportunities throughout the process to keep paying the bills. CMI did it through the benefactor model, which involves promotion and the opportunity to include content on our site (sponsored content). Digital Photography School did it through affiliate sales. Game Theory did it through YouTube advertising. Moz did it through consulting. Copyblogger Media did it through royalties from partner product sales. Today all these companies are multimillion-dollar enterprises growing at some of the fastest rates around.

For Content Inc. to work, you don't have to go through each of the five stages and then think about revenue. You need to be thinking about making money from your platform from day one.

Ardath Albee, author of multiple books, including *Digital Relevance*, believes that the best place to start a content approach is with your most important relationships. The same holds true for your Content Inc. monetization model. If you've been working your influencer channels properly, those same people should be your first options for locating revenue opportunities.

## Building the Revenue Model

Whether you are an entrepreneur in a startup environment or running a Content Inc. program in a large organization, you should always be thinking of how many ways you can monetize the asset of content you are consistently creating.

Let's review the different ways to monetize your Content Inc. platform.

**Advertising and sponsorship.** Advertising revenues are still the go-to business model for most media companies.

**Subscriptions.** The second oldest way to generate money from content is through subscriptions, such as a magazine or newspaper subscription.

**Premium content.** The majority of Content Inc. models serve up premium content, like e-books and exclusive reports, for free to gain more subscribers or more information about subscribers (called "progressive profiling").

**Conferences and Events.** As more and more people begin to form relationships online, it has created an unexpected need for these people to actually meet in person. The event and conference business has never been more robust.

**Cross-media (books, magazines, webinars, podcasts).**

**Crowdfunding.** With services like Kickstarter on the rise, it's easier than ever to ask your community to help fund your Content Inc. model.

**Micropayments.** Marc Andreessen believes that collecting micropayments through Bitcoin is a viable option for Content Inc. models. Coinbase, an online wallet system for Bitcoin, is one easy way to set up your site to collect micropayments using the online currency model.

**Philanthropy.** Pro Publica is a nonprofit organization that uses its funding to develop investigative journalism that it deems is important for the public to hear. Pro Publica employs 45 journalists and received its major funding from the Sandler Corporation, which committed funding for multiple years upon Pro Publica's launch in June 2008.

**Products.** According to Anne Janzer, author of *Subscription Marketing*, selling products from a content site, while being the most intensive in research and development, has the biggest revenue upside.

Until now, it was cost prohibitive for entrepreneurs to build a loyal audience. Until now, the communication channels were not available. Until now, the audience wasn't willing to connect.

By following the Content Inc. method, you have an opportunity to make a difference. Seize that opportunity today and never look back.

### RECOMMENDED READING LIST

If you liked *Content Inc.*, you'll also like:

1. ***Disciplined Entrepreneurship* by Bill Aulet**. Whether you are a first-time or repeat entrepreneur, Bill Aulet offers the tools you need to improve your odds of making a product people want — and need — to buy.

2. ***Reality Check* by Guy Kawasaki**. Kawasaki presents an all-in-one guide for starting and operating great organizations that stand the test of time.

3. ***The Pumpkin Plan* by Mike Michalowicz**. Inspired by an article about how to grow a giant pumpkin, Michalowicz modified the step-by-step approach to grow a business and was able to transform his company into a multimillion-dollar industry leader.

· Book 5 of 67 ·

# 40-

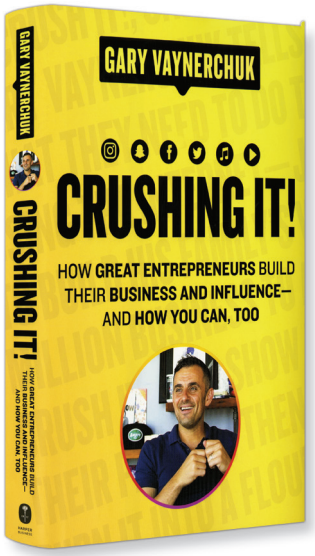
Soundview Executive Book Summaries

soundview
Executive Book Summaries®



# Crushing It!

## How Great Entrepreneurs Build Their Business and Influence — and How You Can, Too




by Gary Vaynerchuk

### THE SUMMARY IN BRIEF

In his 2009 international best-seller *Crush It!*, Gary Vaynerchuk insisted that a vibrant personal brand was crucial to entrepreneurial success. In *Crushing It!*, Vaynerchuk explains why that's even more true today, offering his unique perspective on what has changed and what principles remain timeless. He also shares stories from other entrepreneurs who have grown wealthier — and not just financially — than they ever imagined possible by following *Crush It!* principles.

The secret to their success has everything to do with their understanding of the social-media platforms and their willingness to do whatever it took to make these tools work to their utmost potential.

Vaynerchuk offers advice on how to become the biggest thing on old standbys like Twitter, Facebook, YouTube, Instagram, Pinterest and Snapchat; podcast platforms like Spotify, Soundcloud and iTunes; and other emerging platforms such as Musical.ly.

*Crushing It!* is a state-of-the-art guide to building your own path to professional and financial success, but it's not about getting rich. It's a blueprint to living life on your own terms.

### IN THIS SUMMARY, YOU WILL LEARN:

- What it means to be an influencer on social media — and how to monetize it.
- The eight essential elements to be a successful influencer online.
- To get over your fears and give yourself permission to crush it.
- How to get discovered and use the most important platforms online.

### CONTENTS

**The Path Is All Yours**
Page 2

**What (Still) Matters**
Page 3

**What's Stopping You?**
Page 4

**Get Discovered**
Page 5

**Snapchat**
Page 6

**Instagram**
Page 7

**Voice-First**
Page 8

Published by Soundview Executive Book Summaries®, 511 School House Rd., Suite 300, Kennett Square, PA 19348 USA © 2018 Soundview, Inc. • All rights reserved. Reproduction in whole or part is prohibited. • www.summary.com
Vol. 40, No. 6 (3 parts), Part 2, June 2018 • Order #40-15

# THE COMPLETE SUMMARY: **CRUSHING IT!**

**by Gary Vaynerchuk**

**The author:** Gary Vaynerchuk is chairman and CEO of VaynerX, a $150-million-plus media holding agency that includes VaynerMedia and PureWow. He is one of the world's leading marketing experts and a four-time *New York Times* best-selling author. He is also a prolific angel investor and venture capitalist, investing in companies such as Snapchat, Facebook, Twitter, Uber and Venmo, and cofounding the Vayner/RSE fund, among many other enterprises.

*Crushing It! How Great Entrepreneurs Build Their Business and Influence — and How You Can, Too* by Gary Vaynerchuk. Copyright © 2018 by Gary Vaynerchuk. Published by arrangement with HarperBusiness, an imprint of HarperCollins Publishers. 288 pages, $29.99, ISBN 978-0-0626-7467-8.

Summary copyright © 2018 by Soundview Executive Book Summaries ® www.summary.com, 1-800-SUMMARY.

## PART I: GET PUMPED

### The Path Is All Yours

Today, influencer marketing is poised to eat a real chunk of traditional marketing's lunch. One in every five minutes spent on mobile is spent on Facebook's apps and services. Every minute, 65,900 videos and photos are posted on Instagram. Over 3 billion snaps are created each day on Snapchat, where over 60 percent of ads are watched with the audio on. Consequently, since 2009, brands have tripled the amount of money they spend on social media.

Influencer marketing has become a legitimate monetization strategy for anyone building an online profile, which means pretty much anyone in business. The most popular Instagrammers can earn seven figures per year from their social-media efforts alone. Even with only a thousand followers, an entry-level Instagrammer could earn about $5,000 per year with just two posts a week, and ten thousand followers could net almost $20,000 per year.

We often define an influencer as someone who garners such a big audience on social media that brands offer to pay that person to attend events, take selfies with products or talk about services. Product placement is a natural fit with the YouTube and Instagram crowd, but it can leave the motorcycle-king bloggers or raspberry-jam-queen podcasters — those who might not feel photogenic or charismatic enough for constant selfies or video — feeling as if their options for growing their influence and building revenue streams are limited to selling ad space. They are not. You just have to be smart and strategic about how you use your content.

You the entrepreneur are no different from the organic mac-and-cheese brand that branches out into cheddar cheese crackers and chicken noodle soup. The brand was never about organic mac and cheese; it was about organic comfort food.

You're the expectant mom who starts a pregnancy podcast and then writes a book on raising kids suffering from anxiety. You're the boy who started a wine blog that wasn't actually about wine but about making a name for himself as the person who could show other businesses better ways to communicate and sell.

It's a matter of survival to think beyond your current successes and constantly look for ways to create new ones so that you're never limited to any one platform or even one topic. How do you do that? By creating a personal brand so powerful that it transcends platforms, products and even your passion.

In 2009, you could make some money in the online world or use it to catapult yourself to the mainstream if that was your end goal. Today, the Internet *is* the mainstream. You are in complete control of how the world sees you, how often and in what context.

If you're a project manager who'd rather be a beekeeper, for example, tomorrow — yes, *tomorrow* — you could launch a nature-oriented podcast and blog with perceptive, humorous, creative content, and amplify your voice in all kinds of arenas beyond bees. Then you could start producing how-to videos or write a book about starting in the biz, ensuring that your knowledge is passed on to the new generation of beekeepers. You'd be sharing important information and growing your personal brand

**1-800-SUMMARY**
**service@summary.com**

**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 511 School House Road.,Suite 300, Kennett Square, PA 19348 USA. Published monthly. Subscriptions starting at $99 per year. Copyright © 2018 by Soundview, Inc. **Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY, or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Ashleigh Imus**, Senior Editor; **Masiel Tejada**, Graphic Designer; **A. Imus**, Contributing Editor

at the same time. And then, you could be asked to host a special on *Animal Planet*, or *National Geographic* could call and say they want to do a feature. As your personal brand grows, you might develop a recipe for a new honey-flavored candy, lip balm, lozenge or yogurt.

Use today's social-media platforms to develop your brand and expand your influence, and you can build a business that could continue to grow even if you never touched another hive.

The most exciting thing about the business world we live in is that it is still in its infancy. There is so much room to succeed here. Grab your spot, make your mark and start living in the *Crush It!* universe.

## What (Still) Matters

Before we explore which platform you should select to support your pillar of content, remember that even a well-designed pillar will fall if it isn't set in a solid base. What usually hamstrings entrepreneurs isn't merely the mistakes they make when executing their vision but the mistakes they make before they even get started.

They care, but not enough about what really matters. And what really matters is a pretty short list: intent, authenticity, passion, patience, speed, work and attention.

**Intent**. Getting into this game for the gold is the quickest path to long-term failure. Entrepreneurs at the pinnacle of financial success and influence share three characteristics: a commitment to service, a desire to provide value and a love of teaching.

**Authenticity**. You will be a thousand times more successful if you wake up eager to share and create something because you believe the world will enjoy it rather than because you have calculated that this is what you need to do to become an Instagram celebrity.

**Passion**. When you're passionate about what you're offering the world, whether it's a sales training method or vintage toys, the quality of both your product and your content will more likely be what it needs to be to get noticed, valued and talked about.

**Patience**. Passion and patience go hand in hand. To live in line with your passion will probably require that you go slower than you might want to. It will definitely mean that you say no more than you say yes. Bide your time; you cheapen yourself when you make deals while holding your nose. You're only crushing it if you're living entirely on your own terms.

**Speed.** Patience is for the long term; speed is for the short term. You need to constantly be in do mode. You are better off being wrong 10 times and being right three than you are if you try only three times and always get it right.

**Work**. When you first start out, there is no time for leisure — if you want to crush it.

**Attention**. What are your customers talking about? What are the newest trends in your field? What are the biggest controversies? Knowing how to spot underpriced or underappreciated attention is a key influencer skill.

There's an eighth essential. It's the only one that has seen some significant developments over the years. It's so important, it deserves a chapter of its own.

## The Eighth Essential — Content

Great content is a result of passion plus expertise. While the opportunities for people to become stars on various social-media platforms have multiplied, to have a prayer of becoming even the 88th best whiskey Instagrammer, you're going to have to make sure that you are constantly updating your knowledge and providing information and insight that people can't find easily anywhere else. Moreover, you'll have to do it in a unique and memorable signature style.

For some, that reality can be as paralyzing as a snakebite. Here's the antivenin: You don't have to wait until you're an expert or you've designed a perfect website or written 10 perfect blog posts before launching a business.

Your learning process should be your content. That means it's not a problem if you've got more passion than expertise. Our best-loved icons aren't the ones born to the manor who stayed in the manor. They're the ones who started out tinkering in their basements, who sold product out of the backs of their cars, who rose and fell and rose again. The only ones we can't forgive are people who won't admit to their imperfections or own their mistakes.

That means you don't just have the ability to generate unique pieces of creative content — you *are* the unique piece of creative content. Use Snapchat, Instagram Stories, YouTube videos and Facebook Live three, four, five times per day to share the world through your eyes. Let your audience meet your cranky uncle, let them see what you're eating for lunch, let them follow you as you slog through the workout you love to hate. Invite them in when you move into your first postdivorce apartment or your college dorm. Take them along on your vacations and business trips. Think of yourself as the star of this show *and* the production company.

People who see your work will come to you with ideas and offers and partnerships. They will buy into you if you give them the right story. If you want to be the best, you'll have to work at it, but avoid being a perfectionist.

## What's Stopping You?

Align all eight of the essentials, and you have the closest thing to a formula for crushing it. Yet, even a so-called formula won't be enough.

Here are some of the most common reasons aspiring entrepreneurs give for failing to crush it: "I have a full-time job. I don't have any money. I have kids. I don't have time. My industry has too many strict rules. I have an idea for an app, but I don't know how to code. No one was watching. I don't know which idea to pursue. I don't have the right equipment. I'm too old. I'm an artist, not a businessperson. I'm afraid I'll get hate comments."

All the reasons people throw out to justify why they're not doing what they say they want to do boil down to one of three kinds of fear, each of which requires a different response.

**Fear of failure**. You are just going to have to find a way to get over it. Get a shrink, start practicing yoga, find a hypnotist; do whatever it takes to settle your nerves, embrace the moment and stop caring what other people think. You have to let yourself be your sole judge and jury.

**Fear of wasting time**. People are so scared they'll be wasting time if they try to build a business, even when their time isn't valuable. If you're not 100 percent happy with your life today, it is never a waste of time to try something that could get you there.

**Fear of seeming vain**. Don't worry about seeming vain. Embrace it. Everybody else who is crushing it did. Remember, smart entrepreneurs don't care what other people think.

Find your courage and strengthen your self-esteem until you feel brave enough to make some noise and invite people's attention. Then show them that you care deeply about keeping it.

## The Only Thing You Need to Give Yourself to Crush It

The only thing you need to give yourself to crush it is permission.

Pat Flynn had planned to be an architect since the days when he was a straight-A high school student. After graduating magna cum laude from UC-Berkeley, he quickly landed a job with a renowned architectural firm in the Bay Area. His future bright, his 401k growing, he proposed to his girlfriend, who said yes. It was March 2008.

You know what happened next. Three months later, Pat lost his job, along with 2.5 million other people in the country that year. It was a huge blow. Pat had even gone the extra mile to become accredited in Leadership in Energy and Environmental Design (LEED), a professional credential that proves mastery in the highly specialized area of green building. The LEED AP exam is so rigorous, it has only about a 30 percent pass rate.

Overwhelmed by the mountain of material, he created a website to keep himself organized. He took the exam in March 2008 and passed with high marks.

He and his fiancée moved back in with their respective parents, and Pat started calling everyone he knew in the industry. No one was hiring.

Then Pat stumbled on the Internet Business Mastery show, hosted by Jeremy Frandsen and Jason Van Orden. That day they were interviewing someone who was making six figures a year helping people pass something called a project management exam. Pat thought, "I've passed the LEED exam. Maybe I could create something people could use." So he went to his site.

Still not sure how he was going to monetize it, he installed some traffic analytics to prepare for whatever marketing he figured he'd eventually come up with. It didn't take him long to see that thousands of people were visiting to help themselves to the information already there. He activated the comments section, and sure enough, people started asking questions. He knew the answers.

It took about a month-and-a-half of working day and night for Pat to write his e-book, which was a compilation of much of the same information that was on the website but better organized and easier to read, complete with charts. He put a graphic on the sidebar of the site, a PayPal button and a little description of the book, which he priced at $19.99. His sole comfort was knowing that if this didn't work — and he was pretty sure it wouldn't — his parents had promised they wouldn't kick him out.

From that day on for the most part, Pat's income grew month after month. He became known as a LEED expert because no one else was providing the help people were seeking. All that work he had put into the website was paying off. By March 2009, he was bringing in $25,000 to $35,000 per month.

Along with questions about the LEED exam, Pat started getting requests for information about how he had built his site and business. So he launched SmartPassiveIncome.com, a site where he could document everything he had learned about starting an online business.

He started a YouTube channel in 2009. In 2010, he launched the Smart Passive Income podcast, which has seen more than 40 million downloads. In 2011, he started accepting offers to speak. To provide a space to answer the deluge of questions he gets from his followers, he then created a daily Ask Pat podcast. His self-published book was a *Wall Street Journal* best-seller.

If Pat Flynn can make a stellar income off a website dedicated to helping people pass an exam only a few people in the country have ever heard of, you can do it with soccer trivia or smoothies. Please dig deep into what you know best or what you love most, or better yet, what you know best and love most, and start creating content.

## PART II: CREATE YOUR PILLAR

## Get Discovered

When you're starting with nothing, you will find that your absolute breakthrough opportunities will be developed in two ways:

- By the smart use of hashtags, a strategy that requires an unbelievably long grind.
- By direct-messaging, i.e., reaching out directly to people and offering something of value in return for their attention, a strategy that requires an unbelievably long grind.

The second one holds the most promise. Collaborations are the absolutely most tried-and-true way to grow a fan base quickly — quickly being a relative term. In most cases, you should count on this process taking years, not months.

Many are uncomfortable with the idea of direct-messaging total strangers, but think about these total strangers another way. Let's say a friend invites you to join a group for dinner at a restaurant, and she also brings a couple you don't know. You wind up sitting next to each other and have a great time. You're an interior designer, and you find out that this couple is in the beginning stages of deciding to redo their home.

Do you hide the fact that you're an interior designer? Of course not. It's natural to tell them what you do for a living, and that's going to become part of your conversation because you just discovered a mutual interest.

Now, at the end of the evening, would it be weird to hand them your card and say, "Check out my website, maybe we can work together. Or let me know if you need other recommendations"? Of course not. You have a mutual interest; they need a service; you can provide that service. It follows that you should give them the opportunity to decide if you would be a good fit.

Online, social-media platforms are the mutual friends connecting you to millions of people that share your interest in interior design. Your job is to do the research and find out which would find the most value in your offer and then make your case.

## Musical.ly

Musical.ly, like a lot of its users, is young and creative and eager to grow up. Musers, as the users are called, have turned this app into a creative phenomenon. Originally, it allowed people to make 15-second lip-sync videos, making public the rock-star impersonations and glamming that previous generations used to do in front of their full-length closet mirrors.

Today the form has evolved to include original music, comedy skits and even mini–educational videos. Ballerinas, makeup artists, gymnasts, jugglers, athletes, rappers, vloggers and hams of all stripes are using the medium to show off their skills and style. You can create content as long as five minutes, compile video clips into stories and collaborate on duets with other musers.

One of the quickest ways to build traction on Musical.ly would be to open the app, examine the trending tags on the Discover page, and work on producing great content around those trending tags so that you can be spotted by kids who would otherwise have no way to know you're worth checking out.

Dr. Chithra Durgam has accomplished the near impossible — she's made it fun to go to the dentist. When Chithra started her private practice in 2004, she did what most medical practitioners do to get referrals: She sent out direct-mail pieces to let her northern New Jersey neighbors know she was open for business. Social media, she thought, was for personal use.

Now she has a presence on all the usual suspects — Twitter, Facebook, Instagram, and she has written posts for Medium — but what sets Chithra apart from almost anyone over the age of 25, and certainly from any medical

practitioner, is that she's on Musical.ly, too. And that's why so many kids beg their parents to bring them to see her.

She creates lip-synced music videos about different procedures, like tooth whitening. She does PSA announcements about healthy eating, mouthing the words of a spoof version of Ed Sheeran's "Shape of You." Sometimes she posts an educational clip, like the one pointing out the difference between a porcelain crown and a veneer. She dances. She does comedy, often in a white jacket, sometimes wielding a toothbrush. She's goofy and awkward, and while that might be all she was were she just another muser, the fact that she's a 44-year-old dentist makes the whole deal pretty hilarious. Two of her clips were featured by the platform.

Her young patients, the ones in the Musical.ly age bracket, follow her. They bring their phones to school and show their friends. And their friends say, "Mom, look at this video. I want to go to this dentist."

## Snapchat

Despite its 173 million daily active users, its 10 billion daily video views and its 2.5 billion daily snaps, Snapchat remains another massively underestimated platform.

Its founders, Evan Spiegel and Bobby Murphy, conceived it as the anti-Facebook, a photo-sharing app for spontaneous, imperfect and impermanent content. Because adults didn't get it, because images "self-destructed" one to 10 seconds after being opened, and because it gave you the option of drawing and writing text or captions on top of your pictures, the kids were quick to see its potential as texting 2.0 — a freer, less curated and less dangerous place than other platforms to share and creatively express themselves.

Today the Snapchat app allows you to post video as well as photos and has added all kinds of extras, like filters, lenses, emojis and video-editing tools. Content is no longer ephemeral.

How does a grown-up become famous on a platform that serves as a communication tool among tweens and teens? By not overthinking anything. Unpolished content is native to Snapchat. Some people might call such banal, spontaneous content dumb and worthless, but that would be like saying that the minutiae of our lives are dumb and worthless. They're not. Snapchat is simply a channel that captures that unvarnished reality.

It will take talent plus a combination of tactics and strategy to get noticed on Snapchat. There are no hashtags, for example, so no discoverability. The way to get discovered on Snapchat is not much different from the way television stations try to get people to tune into their programs, which is to market in all the other places where people who might be interested in you are already going.

Collaborate. People have to know who you are and be motivated to come find you and follow you. That makes organizing collaborations tricky unless you reach out to people on their other platforms and either suggest doing something special together on Snapchat or offer something valuable in return for a shout-out or endorsement on their channel.

## Twitter

Twitter is the water cooler of society, that place where everyone goes to get the latest update on whatever news or pop-culture event is occurring.

Twitter is disproportionately the place to listen, react and hijack. Problem is, most people aren't very good listeners, and it's often an especially big challenge for the types of people who want to build personal brands so the world will listen to them.

But listening well is the key to engaging well on Twitter. It's by listening that you can find the conversation threads that can lead you to the people passionate about the subject around which you're going to grow your influence. It's a slow, slow, slow process and an immense amount of work, but if you're willing to do it and your content is special, you should see a payoff.

Because it was built to be a conversation platform, Twitter is an interesting place to jump-start biz-dev opportunities or collaborations as you grow your brand — maybe even the best place.

There are several other advantages to using Twitter as your pillar content. It's a complete and trustworthy directory. The platform has been around long enough to have perfected its verification system, which gives it a better search function. Its retweet feature offers a remarkable opportunity to create instant awareness.

On Twitter, you are always just one comment away from getting noticed and making a name for yourself. Remember, though, that the best dinner guests are not just great storytellers but also great listeners.

## YouTube

Since 2009, millions of people have quit their jobs and started making a living on this platform. It's certainly the

most important platform for building a personal brand, though Instagram is closing the gap quickly.

So many people don't think of themselves as camera-worthy, but vlogging and documenting don't demand that you be glamorous or beautiful or really superficially special at all.

Vlogging is a terrific way to document instead of create, which means that literally anyone can do it. You don't need to be accomplished to break out on this platform because, remember, when you're documenting and not creating, you're allowed to learn as you go. You don't have to be an expert (yet). You don't have to be successful (yet). The only thing you really do have to do is make the road to getting there interesting.

If you have a lot of interests, if you aren't sure where your greatest skills lie, if you wonder whether you have the kind of charisma and appeal that draws audiences to YouTube personalities, or if you simply can't decide whether you'd rather be the number-one American authority on pajamas or the go-to guru for kombucha, pick up your phone and start documenting your day. Put the results up daily as a YouTube vlog. See which posts get the most attention, and double down on whatever it is that's making those posts stick. But you have to put something out to know if you've got the goods.

## Facebook

Facebook remains the juggernaut of the social-media game, a platform on par with YouTube for personal brand building and wealth creation. If you're going to build a personal brand and try to monetize it, you have to have a Facebook page. Period. It has almost 2 billion monthly active users, more than half of whom use it daily.

Unlike any other platform, Facebook gives you the gift of flexibility. Written content and photographs don't work on YouTube. Instagram allows for a maximum of one-minute videos on a user's main page at the time of this writing. There's no way long, written content is getting traction on Snapchat, but on Facebook a 13-paragraph blog post will work. You can post pictures, and they'll work. You can embed a SoundCloud audio play, and it will work. A 13-second video will work. So will a 31-minute video.

Facebook offers complete and utter creative flexibility and has the greatest ad-targeting product ever created. No one is too cool for Facebook.

Because of its incredibly detailed targeting capabilities — you can specify your audience by their interests, of course, but also by their zip codes or their employers — Facebook is also an incredible place for someone with a small budget.

## Instagram

Except for YouTube, Instagram has created more famous people than any other platform. It's massive, it's a place where you can be equally successful as a content producer or a content curator, and it's the hottest social network in terms of scale and impact.

Although its content is bite-size like Twitter's, nothing in its structure makes it ideal for having conversations. Yet, there are so many great tactics you can use to garner awareness — hashtags, collaborations, tagging, ads — that the attention an influencer can enjoy here, especially skilled photographers, chefs, designers and other artists, runs deeper than on Twitter or Facebook.

Less polarized and politicized than Facebook, it's a place where you go to post the beautiful highlights of your days.

Anyone wishing to build a personal brand should be on Instagram. Create a profile now, or regret it for years to come.

Here are seven steps to develop your business:

- Make sure your Instagram is full of incredible content, the best you can make.
- Search relevant keywords. For example, if you're building a biker brand, *motorcycles*.
- Click on the first hashtag that shows up.
- Click on every picture you see with that hashtag.
- Investigate every account and any linked websites to confirm that they are owned by people or companies in your field, or even if they're not, to check if they could use your services or products any way.
- Click on the three dots in the upper right corner of their pages and send those individuals or businesses a custom-written direct message.
- In your message, explain what drew you to them ("I love your work"), why you are worth paying attention to ("I've designed a helmet even the most helmet-averse rider won't mind wearing"), and what value you can offer ("I'd like to send you one of my helmets to try").

Only a tiny fraction of the people you reach out to will respond. That's all you need. Do this enough times, and the effect will snowball until suddenly you'll be the brand that people and businesses start reaching out to.

## Podcasts

Podcasts are a godsend for two reasons:

- Most people aren't comfortable on camera. They worry about their hair, their glasses or their makeup. They fuss over the lighting. None of it matters, but it's enough to distract them from concentrating on providing the best experience they can for their viewers. Podcasts are far less intimidating.
- Podcasts sell time, which is why everyone, including people who rock on camera, should try to create one. In this hyperspeed world, multitasking is everything, and it's a lot easier to listen to a podcast while you check your emails and pay your bills than to watch a video.

Whether you're uploading onto Spotify, Apple Podcasts, SoundCloud, Stitcher or any other podcast distribution platform, there will be very little you can do to differentiate one from another. There are really no original, creative ways to build a personal brand within the podcast platforms other than by producing the best content you can. You'll have to promote your show through your other social-media channels and encourage symbiotic relationships with others who have bigger platforms than you.

The good news, however, is that iTunes will open podcasting analytics, so podcasters will be able to see exactly where people pause, skip or sign off within their content. This will be invaluable in helping you learn faster how you can better tailor your content to serve your audience what it wants.

## Voice-First

Few of you are probably sitting around thinking, "What's my Alexa Skill gonna be?" And yet you should, because we're about to talk about a tech innovation that will surely transform how the world consumes content. It's called Voice-First, and anyone currently building a personal brand needs to learn about it fast and early.

Podcasts fill our brains during the long periods when we're quiet, such as while we drive or travel. Voice-first platforms are going to allow us to fill our brains during all the interstices of our lives, those blips of time that used to be lost to forgettable activities like brushing our teeth, sorting through mail or even checking our phone notifications.

As of this moment, there are two key players: Amazon Alexa, played through a device called the Echo, and Google Assistant, played through its Google Home device. Microsoft, Apple, Samsung and others are preparing to make their respective pushes into the space with platforms of their own.

Add these and others to your list of Flash Briefings (short reports offering users key bits of information) and when you ask for them, either by saying, "Alexa, give me my Flash Briefings," or even, "Alexa, what's in the news?" you'll hear from your favorite sources one after another.

If there is a choice between reading a notification or checking an app and getting the same information via Voice-First, which allows us to keep our hands free and multitask, the latter is what we're going to pick. Just like the first washing machines and coffeemakers, Voice-First platforms will save people time. Once the masses understand that, they are going to flock to them. Be there ready and waiting when they do.

Your Flash Briefing will be a one-minute version of your one-hour podcast, a one-minute audio version of your eight-minute videos or live streams, or a one-minute selection of your pretty pictures on Instagram. Your one-minute audio tip of the day could be the thing that compels a person to put on your podcast during their morning commute instead of their usual NPR or classic rock.

Social media does equal business. Find your courage and go for it. Somewhere out there is a middle-aged engineer, a single-parent exterminator or a department-store sales clerk trying to get through school who is thinking, "Man, I hate this job. But I love pizza. I'm going to start a YouTube channel and become the next Mario Batali."

People will think it's a ridiculous idea. But it's not ridiculous. It's not even sweetly optimistic. The proof is in the pudding. You're not going to lose your soul if you do this.

In fact, if you're truly an entrepreneur, you're going to get it back.


### MORE SV CONTENT ON ENTREPRENEURSHIP

*Access these and more in your Soundview Online Library:*

**Summary: *Content Inc.* by Joe Pulizzi.** Joe Pulizzi, founder of several startups, reverse-engineers the traditional entrepreneurial model for success by shifting focus from first creating a product to getting customers and then developing products. Six steps provide the framework for visualizing, launching and monetizing a business.

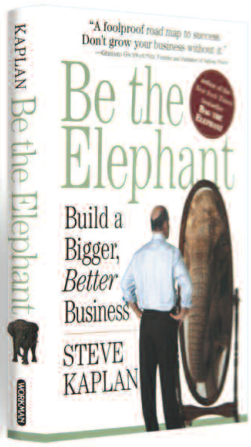
**Webinar: *The Freaks Shall Inherit the Earth* by Chris Brogan.** Best-selling author and successful entrepreneur Chris Brogan explains step by step how to build your business from the ground up, all without compromising your unique mindset and personal values.

· Book 6 of 67 ·

# 916 Citizen Marketers.qxd

SOUNDVIEW Executive Book Summaries®






by Steve Kaplan

## CONTENTS

**Beginnings**
Page 2, 3

**On Solid Ground**
Pages 3, 4

**What's the Downside?**
Page 4

**The Role of Sales**
Page 4

**Advantages of Internally and Externally Driven Growth**
Page 5

**As Big as You Can Be**
Pages 4, 5, 6

**Creating Value**
Pages 6, 7

**Strategic Alliances Chart**
Page 7

**Killer Mistakes**
Pages 7, 8

### Build a Bigger, Better Business

# BE THE ELEPHANT

## THE SUMMARY IN BRIEF

In business, there's no standing still. The trick is to become an elephant — *big* enough to make a difference, *healthy* enough to withstand financial currents, *strong* enough to influence your market and *smart* enough to avoid the pitfalls of growth. This means growing your company to a size that's as big as you want. Elephants come in different sizes. Even if you genuinely wish to stay small, you need to become the elephant in your neighborhood. You can be an elephant — and reap the benefits — without being in the Fortune 500.

Whatever size you are, you will have built-in cash reserves and access to resources that as a smaller company you could not expect to enjoy. You will have more employees, but they will make your life easier by providing you (and themselves) greater job security. You might have more day-to-day problems, but you'll have more people to handle them for you and more revenue to pay for processes and assistance.

With *Be the Elephant*, best-selling author Steve Kaplan provides a business-growing playbook for every entrepreneur, CEO, sales professional, small business owner and manager.

This summary takes the mystery and fear out of growing bigger. It shows you how to address potential downsides, point by point. Kaplan offers lessons in strengthening sales, a business' front line. He shows anyone charged with growing any part of a business how to avoid the twin dilemmas inherent in growth: grow too slowly and wither, or grow too fast and lose control.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to solve the real issues faced by today's business owners, sales professionals and managers.
- How to implement a process to grow your business safely and efficiently.
- How to maximize the value of your products, your services and your business as a whole.
- Why growth requires processes that allow you to execute on all facets of your new, bigger business.

Published by Soundview Executive Book Summaries, P.O. Box 1053, Concordville, PA 19331 USA
© 2007 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.

# THE COMPLETE SUMMARY: **BE THE ELEPHANT**

**by Steve Kaplan**

## Beginnings

It happens every day. Businesses large and small that are not growing are dying, one by one. Costs are rising; profits are shrinking. Technology is changing. Business is becoming global. Customers are driving out to the new big-box stores to buy their food, clothing, furniture, hardware, paint and lumber. Standing still, refusing to consider growing, is like setting up a lemonade stand in the middle of a busy highway: Now you see it, now you don't.

Many owners in many industries think that, as long as they're paying the bills, everything is rosy. Their ambitions are modest; they like the idea of staying small, not making too much noise, not tempting the fates. But their decision to stay small isn't really a lifestyle choice — and it certainly isn't a sound business decision, either. It's a choice motivated by fear.

### *Courage to Change*

If you're the owner and want your business to be a success, you've got to find the courage to change. Otherwise, you have to rely on luck to stay afloat, or hope for a miracle if you expect to grow. You may be doing all right now because you know the business inside out, but what happens if you fall ill or decide to leave the business?

Those working for companies on the Snail Trail must take a careful look at their personal goals. If their long-term goals include financial success or career advancement, they should think about moving on — even if it's a family business where familial loyalty must be weighed against career success.

Growth is not only desirable, but necessary. To last, you have to grow. If you don't grow, then it's probably only a matter of time until your business bites the dust.

### *Map It Out or Mess It Up*

Fitness fanatic Thomas Leary owned Vitrex, a health products store in Phoenix, Ariz. His life mission was to convert complacent couch potatoes into muscular iron men like himself. Vitrex was his dream — a place where he could make the world healthier, one convert at a time.

Tom's customer base was local. He decided to expand beyond his one retail store by targeting customers who bought vitamins and other health-related products over the Internet. He set up his Web site, complete with an online point-of-sale program, e-commerce and fulfillment software and a strong search engine presence, and kicked it off with a massive online advertising campaign.

Sales quickly poured in. In just 13 months, Vitrex's annual sales increased from $325,000 to $1.1 million. Business was great — so great that Tom caught growth fever. He expanded his product line, remodeled his retail space and added staff to handle the new business. He had to work 15 hours a day instead of 10, but he was living large and loving life.

Things seemed to go smoothly for another year. Then it happened. It started with a few random calls from customers who were upset because they were being billed for orders they hadn't yet received. Then the volume of online orders caused outages and downtime on the Web site. Internet sales plummeted as online buyers grew wary and spread the word.

After four months of this, Vitrex had wasted away. So much of the company's energy and attention had been shifted to the new initiatives that longtime customers felt they were being neglected. Tom's story is a cautionary tale for anybody in business who wants to grow. Growth *without planning* is risky business — often riskier than not growing at all.

Tom could have created a more robust inventory

***(continued on page 3)***

**The author:** Steve Kaplan started his career by growing Sampling Corporation of America from a basement operation into a $250 million, 1,300-employee international marketing company. Kaplan owns The Difference Maker Inc. and the investment firm Kaplan Enterprises LLC. He is the author of the national business best seller *Bag the Elephant*.

*Be the Elephant* by Steve Kaplan. Copyright © 2007 by Steve Kaplan. Summarized by permission of Workman Publishing, 224 pages, $19.95, ISBN: 0-7611-4448-X.

Summary copyright © 2007 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY, 1-610-558-9495.

**For additional information on the author, go to: http://my.summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions: $209 per year in the United States, Canada and Mexico, and $295 to all other countries. Periodicals postage paid at Concordville, Pa., and additional offices.

**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2007 by Soundview Executive Book Summaries.

**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Soundview Executive Book Summaries®**

CHRIS LAUER – CONTRIBUTING EDITOR
ATHENA NICOLAIDES – GRAPHIC DESIGNER
MELISSA WARD – MANAGING EDITOR
REBECCA S. CLEMENT – PUBLISHER

## Beginnings

*(continued from page 2)*

supply and system, complete with backup suppliers; developed a customer service function to respond quickly to the issues; and anticipated the effects that the increase in volume might have on his Web site. He didn't think of these potential problems until it was too late.

### *To Be the Elephant*

There are three essential factors for sustainable, successful growth:

• **Sales.** Sales revenue, once it has covered expenses, yields profit that can be used to compensate yourself and others to reinvest in the business.

• **Infrastructure.** Without a solid organizational infrastructure, your business will quickly hit limits on customer service and production, miss growth opportunities, swallow up both your professional and personal life and even destroy itself.

• **Knowledge.** Learn what is important and what isn't, what to do and what to expect in return.

The secret to successful growth is to approach it as a solid, well thought out project, the same way you would approach starting a new business from scratch. Growing successfully takes ideas, effort, action and commitment to long-term goals. ■

# On Solid Ground

A business model is a set of schedules that demonstrates specifically how your business is going to make money. It quantifies the assumptions you're making that lead to your profit projections. It weaves together your product, pricing, expenses, profits, risks, income sources and cash-flow timing. It's a live document, a tool that you should use to shape your business for success.

Most of the business decisions you make will be far more effective if they are based on a sound business model. Before you even think about expanding your business, now's the time to see if it's on solid ground — and if it isn't, to *find* some solid ground.

### *Staying Real*

When analyzing your current business model, the first thing you must understand is this: You have a huge bias toward believing it will succeed. Being objective and open to criticism about your business model can be difficult, especially once your business is up and running. Here are the five keys to a growth mind-set:

**1. Acknowledge the downside.** Understand how hard it is to create and own a successful business. Many businesses collapse within the first year or two.

**2. Consult with others.** Evaluating your business should be a team effort. Businesses whose owners are receptive to input fare better than those whose owners try to do everything themselves. Network in your industry.

**3. Think numbers.** The best way to minimize guesswork is to shoot for specifics. Don't rest until you can cite statistics or other hard numbers to support or refute your assumptions. If you believe, for example, that consumers will switch to your coffee shop because of better quality and lower prices, prove it. Interview 100 customers from other coffee establishments and do the math.

**4. Invite criticism.** Every business analysis needs a devil's advocate — someone who doubts everything, pokes holes everywhere and comes up with pitfalls. Surround yourself with people who will tell you what they really think, not just what they think you want to hear.

**5. Temper your enthusiasm with reason.** Strive to be pragmatic, even stoic, when evaluating your business.

### *The Guts of the Model*

Assumptions are simply the numbers — and the rationale behind them — that you plug into your business model to find the answer to the question of whether your business will survive, thrive or die. They are refined estimates based on thorough research and verifiable fact. Two kinds of assumptions are *revenue assumptions* — used to develop your overall sales projections — and *cost assumptions* — a breakdown of operating expenses and the cost of goods sold.

For effective business modeling and decision making, you'll need to plug these assumptions into several schedules — data tables — that are the components of a standard business model. If you're not careful, you can overload and go a bit crazy with information. The trick is to sift through the maze of data and focus only on what you need.

### *Four Statements to Live By*

You need to have a good enough grasp of the numbers to know how much money you're going to bring in, to make sound business decisions and to ensure that you can meet your payroll and pay bills. Your one constant is that numbers don't lie — ***if your assumptions are correct and you know what to look for.***

Here are four statements that are essential for success in business:

**1. Projected revenue statement.** This sorts your company's total projected revenues into separate revenue streams, each on its own line, month by month,

*(continued on page 4)*

## On Solid Ground

*(continued from page 3)*

### What's the Downside?

Here are the steps you should take to assess the potential risks to your business:

1. Identify every possible risk you can think of, no matter how remote it may seem.
2. Assess how much control you have over each risk.
3. Rate both the likelihood that you'll encounter each risk and the severity of the consequences that will arise if you do.
4. Review the list to consider ways of mitigating each risk should it become a reality.

either using a straight-line approach (annual revenue for the stream divided by 12 months) or seasonally, taking your business's peaks and valleys into account.

**2. Projected cash-flow statement.** This not only shows you how much cash your business will generate month by month, but it also gives you a snapshot of your business' operating budget and tells you whether and when your business will start turning a profit.

**3. Projected income (profit/loss) statement.** This shows revenues, gross profits, operating expenses, EBITDA (earnings before interest, taxes, depreciation and amortization) and net income on one schedule.

**4. Projected balance sheet.** This provides a snapshot of a business's financial condition at a given time, usually the end of a fiscal year. ■

**For information on the business assessment model, go to: http://my.summary.com**

# The Role of Sales

Since salespeople are on the front lines in contacting customers, they should know more than anyone else about what customers need. In thinking ahead, in sniffing out opportunities, in planning for new products, services and markets, a good sales team is your eyes, ears and nose. Salespeople should go everywhere and talk to everyone.

The following principles will help establish a sales culture in your business that will foster maximum successful growth:

**1. Do your homework.** Before you seek information from customers, learn as much as you can about industry trends so you can ask informed, intelligent questions.

**2. Anticipate customer needs.** You'll need to develop strong, long-term relationships with your customers.

**3. Expand your network.** Work hard to branch out through your current customers.

**4. Motivate sales.** Give your sales force a stake in developing new business. One way to accomplish this is by giving them — in addition to the standard commission on all sales — a percentage of the profits from the new business.

**5. Develop your talent.** Promote internally. Give opportunities to those at lower levels.

### *The Rule of Go*

One idea that can help guide business growth decisions is the "Rule of Go": If a new product, service or concept can't be presold to customers, it should not be developed or introduced to the marketplace. If it can, then it's a GO! ■

# As Big as You Can Be

There is a simple, systematic process to grow your business that involves evaluating how your business now operates and assessing the relative merits of horizontal and vertical growth, where your best opportunities lie and the risk and potential of a given growth strategy. It also involves learning how to keep track of the growth process and its results. This procedure lays the foundation for changes that lead to substantial and sustainable growth.

The first step is to ask yourself: How does my business make money? You have to be able to say exactly what it is that you are selling and exactly who it is that you are selling to.

To perform an in-depth analysis of how your business makes money, you need to identify in sufficient detail all the things you're doing that cause money to come to you. You need to be able to describe in some detail your customers — the people or entities that buy your products or services.

Your revenue sources can be categorized for ease of analysis and planning. Groups of similar revenue sources form a *revenue stream*. If you're operating a business with only a few product lines, you might identify as few as three to five revenue sources, and you might group these into one, two or three revenue streams.

### *Revenue Streams and Their Sources*

In order to derive your revenue streams, you'll need input from your sales force, operations personnel and accounting department.

First, list your sources of revenue. Write down every way that you take in money, whether from sales or other

*(continued on page 5)*

## As Big as You Can Be

*(continued from page 4)*

sources. Next, analyze your revenue sources and group them into revenue streams.

Now that you've identified your revenue streams, your next step is to identify who your current customers are. First, define a customer base for each revenue stream. Be specific. Next, consider each revenue stream individually. Once you've analyzed how you make money and whom you make it from, it's time to determine the best growth strategy to follow.

### *Horizontal and Vertical Growth*

There are two possible growth strategies. Vertical growth entails focusing on your current customers and getting them to buy new products or services. Horizontal growth involves finding new customers to buy existing products or services.

With a vertical growth strategy, you find new products and services that appeal to the customers you already have. The following tactics will help you identify new offerings for your business:

• **Sell** more of the same products or services to your existing customers.

• **Extend** your line to offer current customers a new product or service that either complements or upgrades a product or service you've already been offering.

• **Develop** entirely new products or services to appeal to your existing customers' demographic and psychographic profiles.

### *The Growth Matrix*

A growth matrix can assemble all your information to help you decide on the best growth strategy for your business. This matrix organizes your information in such a way that you will see white space in areas you are not serving with products, services or customers. This white space represents opportunities for growth.

Draw a matrix for each revenue stream. Each matrix has a horizontal axis and a vertical axis. Across the top of the matrix for your first revenue stream, list the target customer groups you've identified for that revenue stream. These will represent opportunities for horizontal growth. Down the left side, list your products and services that make up this revenue stream. These will reveal opportunities for vertical growth.

### *Operational Mandates*

Many companies have been able to grow by simply expanding or adding a revenue stream to include an operational mandate. The beauty of this is that often it's easy to get customers to pre-buy this service or product because they are already using it indirectly.

Customers who are buying Abel's corrugated boxes receive them from Abel, so they are probably already using Abel as a shipper, even though the costs are baked into the price. It's not much of a leap to persuade a customer to use Abel's shipping services for shipping something else — because the customer is already having a good shipping experience with Abel.

If you look at your business, you'll probably find operational mandates that have the potential to become profitable revenue streams.

### *Risk Versus Reward*

Now that you've opened up all that white space and discovered a wealth of opportunities in your business, it's time to see which ones will give you your best shot at successful growth. You'll see right away that some of them are intrinsically riskier or less practical than others; you can put these aside and concentrate on the five or so that you think have the greatest promise. Rank the opportunities in terms of their probability of success. Then you'll know which ones to chase and which to erase. Evaluate each growth opportunity by comparing its potential risk with its possible rewards.

For each potential growth option, consider the upside: finances, reputation, organization, long-term impact and any other positives you can think of. After considering the upside of each growth opportunity, realistically examine the difficulties and risks. In most cases, if you do an objective analysis and keep your business and personal objectives in mind, you can avoid the fatal mistakes that many businesses make.

*(continued on page 6)*

## Advantages of Internally and Externally Driven Growth

The advantages of internally driven growth include:

- Growth based on company core expertise
- Easier to plan
- More passion about the idea
- Easier to pull the trigger, because it's your idea.

The advantages of externally driven growth include:

- Success rate much higher than with internal development
- Customer more likely to fund your growth
- High potential for new areas of growth and new revenue streams across many industries and markets.

## As Big as You Can Be

*(continued from page 5)*

### *Start It and Chart It*

Now it is time to implement your initiative. Here are the eight essential parts of a successful action plan, in chronological priority:

1. **The team.** When developing your action plan, include all the relevant departments and people within your business, regardless of its size.
2. **Leadership.** Who will lead this new effort?
3. **Organization.** Map out a detailed operational process that will enable you to deliver on the new business.
4. **Current business.** What do you need to do to keep current customers happy and feeling cared for?
5. **Task timeline.** Draw up a timeline of key action steps and critical dates.
6. **Accountability.** Assign every task that needs to be accomplished to specific people. Get the names and tasks on paper.
7. **Communication.** Keep all employees informed about what's going on with the new business effort.
8. **Measuring success.** Any growth plan needs to be gauged continually for its effectiveness. ■

# Creating Value

Value is an intangible quality that a prospective customer assigns, often unconsciously, to something he or she is thinking of buying. If the product or service you are offering appears to have the "right" value, then you have a sale.

By identifying the real reasons your customers buy what they buy, you'll be able to tailor your selling proposition (the "why" they should buy) to each customer base.

### *Customer Categories*

First, you need to know which category your customers fit in. Customer needs can be divided into four categories. Remember that no category is inherently superior and that customers can shift from one category to another: A quality seeker at Macy's might be a price seeker at Blockbuster and a satisfaction seeker at Joe's Pizza Parlor.

**Quality seekers** buy only when they find what they consider the best product out there. Price is secondary.

**Service seekers** need to feel you care about them, will do things for them and won't forget about them after they buy. They want to know that any problems will be addressed right away.

**Price seekers** want to get the lowest price, even though they may be able to afford better quality and higher prices. The deal is what excites them.

**Satisfaction seekers** are motivated by status, security and the approval of others. The satisfaction seeker wants to feel safe and enjoy a sense of belonging.

Once you understand how your customers perceive value, you've laid the foundation for the next two steps in becoming an elephant: developing the perfect unique selling proposition and communicating it to the world.

### *What Makes You So Special?*

Your task now is to help your customers come to your value conclusion by creating one or more unique selling propositions (USPs). Then, through branding, you can communicate the value to your customers in order to entice them to buy your product. USPs and branding give your sales force ways to objectify and quantify value. There are no better sales tools available.

The USP is the quality that makes your product or service rise above the rest. It can be something tangible — higher-quality ingredients, lower pricing, overnight delivery — or an abstraction, like a promise to make your life more fulfilling or your face younger-looking. What matters is that your USP motivates customers to put their hands in their wallets by appealing deeply, even unconsciously, to one or more of their needs.

### *Creating the Perfect USP*

Here is a simple but effective series of steps to draw up a USP creation chart that helps organize your efforts:

**Step 1: List your rationale for creating a USP.** For example, if you own a marketing company, and a potential customer asks whether its promotional materials, product samples and offers would actually reach the hands of its intended consumers, you might focus on a USP for delivery.

**Step 2: Determine the customer category you're trying to satisfy.** Next to each rationale, indicate the relevant customer needs.

**Step 3: Develop potential USPs.** For each rationale, ask yourself which of your company's elements or operations might solve the problem. Then comb through each one of these features. Before you know it, you'll have a list of potential USPs.

**Step 4: Select the best USP.** Run each of the potential USPs through the following six tests and rule out those that don't pass: response to rationale, response to customer needs, ease of implementation, time frame, cost and risks.

*(continued on page 7)*

## Creating Value

*(continued from page 6)*

### *The Name Game*

Naming the value developed by the USP allows you to communicate that value to your customer. Your objective is to create a name for your distinctive product, service, attribute or process — along with an aura of quality, value or status — and make your target customer familiar with it.

This brand name communicates the identity and personality of your USP. If you succeed, your brand name or logo will instill an expectation, a feeling of desire, a perception of value, in any prospect who sees it.

Here is a process for do-it-yourself branding:

1. **List USP details.** Jot down as many details as you can about your USP — what it does, how it works, what it stands for.
2. **Convert details to pops.** Pops are punchy, reductive descriptions of the details.
3. **Review customer needs.** List the customer needs relevant to the USP.
4. **Compile a working list.** For each USP, shoot for at least 20 names on your working list.
5. **Test names.** Poll customers and prospects.
6. **Select a name.** Review the criteria so you're comfortable with your decision.
7. **Promote the name.** Market and advertise the brand to your customers.

### *The Strategic Alliance Puzzle*

Strategic alliances give your business the opportunity to grow by providing more products and services to more customers than you can offer on your own. You get these capabilities by aligning with another company. A *strategic alliance* is an agreement with one or more other entities to conduct certain kinds of business together for mutual benefit, under specific terms. Virtually any business of any size can form a successful alliance.

Strategic alliances take many forms. Often they are simple, noncontractual agreements between businesses to work toward a common goal or to address market demand in the most effective way possible. One form this agreement can take is between coequal partners, with the businesses contributing similar amounts of resources, dividing the authority and responsibility, sharing the expenses and splitting the profits.

Another type of strategic alliance is the consortium, in which two or more businesses cooperate but one business takes the lead. ■

**For information on five reasons to create a USP, go to: http://my.summary.com**

## Killer Mistakes

Entrepreneurs, almost by definition, are driven, but the truly successful are those who motivate and inspire others to push beyond their limits. Here are the keys to effective leadership during times of company growth:

**1. Lead by example.** Your employees will take their cues from what you do, not what you say.

**2. Be consistent.** Your employees need to know what to expect from you. If you're rational one day and volatile the next, or if you change the rules of the game

*(continued on page 8)*

## Strategic Alliances Chart

The following chart illustrates how several companies have enhanced their offerings by forming strategic alliances with other companies. In each of these cases, the alliance provided mutual benefit to each business.

| Company | Partner | Current Capability | Enhanced by Alliance |
|---|---|---|---|
| Bill's Pizza | Star Power | Pizza in & delivery | One source — deliver pizza and a movie |
| Aunt Jamie's Cookies | Yan's Gifts & Cakes | Homemade baked goods and a card | One source — cards, cookies, & cakes for all occasions |
| Barnes & Noble | Starbucks | Book sales | Increased traffic — buy a book, have coffee |
| ADT Engineering | ABCO Design | Building highways | Added capability to pursue government contracts |

## Killer Mistakes

*(continued from page 7)*

without warning or apparent reason, those you're trying to lead may become confused and ineffective.

**3. Be approachable.** It's a huge mistake to isolate yourself.

**4. Maintain the home front.** Nurture and support employees' personal lives.

**5. Excel during adversity.** When handled properly, adversity can bring your team together in ways that winning never could. Here are seven steps to handling a problem: remain calm, stall, dig, analyze, plan, execute and communicate your decision.

No one is perfect, but always *trying* to be a better leader is a necessary step toward developing an effective and harmonious organization where all employees stay focused and deliver on the same goal: growth.

### *Neglecting Your Processes*

Just as keeping your body's processes working properly is the key to maintaining your physical and mental health, designing and maintaining good business processes brings multiple benefits for the health of your company. Well thought out processes enable you to manage growth and build the organization. They help you develop good employees, maintain product and service quality and get the best price for your company should you decide to sell it.

This path of self-destruction can be avoided if you take the time *up front* to put in place the processes needed to handle the growth. Processes are the foundation of your business; you can't expect the processes of a smaller business to support the larger structure your business is becoming.

### *Process Building*

Here is a five-step program for successful process building:

**Step 1:** Create an overview map of a central or key process of your company, outlining in general what the company must do from the beginning through the end of the process.

**Step 2:** Go through each step on the process map and chart out the actions required to complete that step.

**Step 3:** Look for ways to combine tasks for higher efficiency.

**Step 4:** Re-examine your processes in light of your growth expectations — and multiply throughput (such as orders and sales) by three, just to be safe.

**Step 5:** Create your "new" process map. Incorporate the information from the first four steps to design your new work flow.

### *Corrupting the Culture*

It's almost inevitable that the culture will change when the company grows. Adding employees or processes to your current business changes the way things are done. The more new employees, new personalities and new processes, the bigger the potential for a shift in culture. If it's managed properly, growth can improve the environment; if not, it can corrupt the culture.

How do you keep growth from corrupting the culture? First, by being aware of the danger. The key is to acknowledge that your culture *will* change. You'll need to get out in front of it and lead the organization through a smooth transition. Don't get blindsided, or else you'll end up conducting damage control — a very precarious position to be in.

### *Smoothing Out the Bumps*

Here are the measures to take to ensure that a company's culture will evolve smoothly and make a successful transition to greater growth:

**1. Respect the microscope.** Your every move will be analyzed, and the more success your company achieves, the more intense the scrutiny.

**2. Share the spotlight.** Never forget that no matter how good you are, you cannot do it by yourself.

**3. Involve others in shaping the business.** As you plan for expansion, include your best, most productive, most dedicated people in your discussions.

**4. Promote from within.** It sends a better message.

**5. Communicate effectively.** Communicate success with the whole team — new customers, sales records, industry reviews.

Implementing growth reaches its critical stage when your plans go into the hands of your employees. This is a delicate and vulnerable time for both your company and the individuals who make it work. Take care to have all the bases covered, and as many lieutenants as possible on board for the effort, before you enter this phase. If you do, you'll have your best shot at making your chosen growth strategy a roaring success. ■

SOUNDVIEW RECOMMENDED READING LIST

**If you liked *Be the Elephant*, you'll also like:**

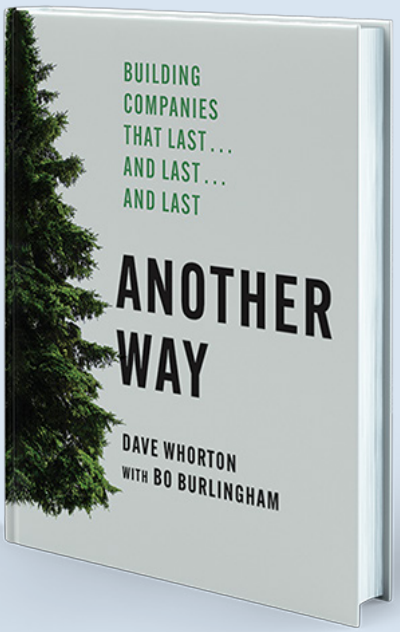
1. ***Bag the Elephant* by Steve Kaplan.** Kaplan shows owners of small and medium-sized businesses how to land the huge account — the elephant.
2. ***Small Giants* by Bo Burlingham.** *Inc.* magazine editor Bo Burlingham shows how unconventional people run purpose-driven companies.
3. ***Never Bet the Farm* by Anthony L. Iaquinto and Stephen Spinelli Jr.** The authors celebrate entrepreneurship in its entirety, presenting a framework that can help entrepreneurs reduce risks and simplify decision making.

· Book 7 of 67 ·

# Another Way

Dave Whorton and Bo Burlingham

Book Snaps™
In-depth reviews of best-selling business books.




## Another Way

### Building Companies That Last and Last and Last

*By Dave Whorton and Bo Burlingham*

Dave Whorton is the founder of Tugboat Institute, where he works to support entrepreneurs and leaders in building enduring, purpose-driven, people-first, and profitable Evergreen companies—while aiming to make Tugboat Institute one itself. A former Silicon Valley entrepreneur and venture capitalist, Dave now champions the Evergreen movement with a mix of wisdom, perseverance, and heart. When not focused on his work, he enjoys hiking in Idaho's Sawtooth Mountains and pondering his next big idea—often over his third or fourth cup of coffee.

Bo Burlingham has spent the past 45 years writing about entrepreneurs and entrepreneurship, primarily for Inc. magazine, where he served as executive editor and editor-at-large. He has also written for *Forbes*, *Esquire*, and *Harper's*, and is the author of five books, including *Small Giants*, which was a finalist for the Financial Times and Goldman Sachs Business Book of the Year award. He has coauthored three other books, including *The Great Game of Business*, widely considered one of the 100 best business books of all time, and *Street Smarts: An All-Purpose Tool Kit for Entrepreneurs*.

*A Book Review by Soundview*

# The Case for Evergreen Companies

After spending the early part of his career working in Silicon Valley, Dave Whorton started to think that there was a better way to do business. Surrounded by people who were interested in fast profits and no long term commitment to the success of the businesses they worked on, Whorton was shocked when he learned of an alternative way of doing business that was going on around the country, far from the world of venture capital and private equity. He discovered companies that had been around for decades and even centuries that not only had never gone public but that had no interest in ever doing so. He termed these companies Evergreen. Those at the helm of these companies sought slow growth that would help them stay viable for many years, providing opportunity and enrichment not just for those at the top but also for employees throughout the company and citizens of the communities in which they do business.

In his book he wrote with Bo Burlingham, ***Another Way: Building Companies That Last and Last and Last***, Whorton walks his reader through the trajectory of his education and his career so readers can understand how he came to value this different way of doing business. In doing so, readers may come to see their own companies and business practices in what he describes. There are like minded people out there.

## The 7 Ps

In his first appendix, Whorton lays out the seven principles that define the companies he centers his entire book about. The first of these is Purpose. Evergreen companies know why they exist, and they use this purpose to guide decision making at all levels. Second is perseverance. Obstacles present themselves to all companies, but employees at Evergreen companies demonstrate "ambition and resilience to overcome obstacles and keep pursuing the Purpose indefinitely into the future." The third principle is People First. Evergreen companies take care of their employees because they understand that it is the employees who will take care of all the other stakeholders throughout the community and the world. Leadership seeks to motivate employees with quality overall compensation packages, and they seek to ensure that all employees believe in both the company's

purpose as well as its culture. The fourth principle Wharton focuses on is Private. Evergreen companies find an advantage in the fact that they are not public because their private nature provides the space in which to focus on the long term; it gives them flexibility, and it allows them greater confidentiality than their public counterparts enjoy. Fifth, Evergreen companies focus on Profit. While they see profit as being separate from purpose, Evergreen companies understand the importance of profit in maintaining a viable business. Profit also works as a gauge as to how much value the company is giving to customers. Paced Growth is the sixth principle of Evergreen companies. These companies balance both "short-term and long-term performance, and grow steadily and consistently year to year." This differs from the culture Whorton was used to where investors attempted to make as much money as quickly as they could, sometimes at the expense of employees and the very business itself. Finally, Evergreen companies are concerned with Pragmatic Innovation. They seek continuous improvement. They are able to take more risks because they do not face the constraints of public companies and those relying on private equity or venture capital.

Whorton not only believes in these principles and in the value of Evergreen companies, he focuses much of his career around these principles. He does this through his "Tugboat Institute, a [for profit] membership organization for the leaders of companies that [he] has named 'Evergreen companies.'" The Tugboat Institute is open to leaders of companies at the helm of like minded organizations. They meet regularly at the Tugboat Institute Summit where they can network and meet other company leaders with similar values.

## Whorton's Early Career

Whorton considers the 1990s to have been "the most exciting and transformative period of new business creation in the past fifty years." It was at this time that Whorton was enrolled in the Stanford Graduate School of Business. While in school, he received a telephone call from a woman at Kleiner Perkins Caulfield & Byers, telling him that John Doerr, a venture capitalist, wanted to meet with him. This was quite the phone call because at the time KPC&B was "the hottest venture capital firm in Silicon Valley," and Whorton credits Doerr with making it that way. Whorton took the meeting, learning that Doerr wanted to speak with him to learn what he knew about Hewlett-Packard.

Whorton had worked in an HP factory in high school and college, a job he took because he wanted to pay his way through college. Whorton, having worked in all three divisions at the Santa Rosa factory, knew HP well, both manufacturing and engineering. Whorton remembers that Hewlett and Packard, both people he admires, found out that a manager had locked away supplies from employees that employees were using to tinker around with. Upon learning about this, Hewlett and Packard had the employees break through the locks, stating "that will never happen again. We don't treat people that way." Hewlett and Packard wanted curious people and wanted those people to be able to have the tools necessary to grow. Their philosophy of doing business would impact Whorton for years.

## Years with KPCB

Doerr was interested in learning about Whorton's other ventures. At Doerr's encouragement, Wharton took a job at Netscape over the summer, allowing the two to stay in touch since Doerr was on the company's board. Wharton became convinced that e-commerce was the place to be and started thinking about possibilities for e-commerce. As Whorton was completing business school, he was given an offer from Doerr whereby he would work for his venture capital firm for two years and Whorton could use a small amount of his time on his own e-commerce business. At the end of the two years, Doerr would help Whorton launch his own company. Despite not wanting to work in venture capital, Whorton took the offer. He was tasked with making sure Doerr's company never again missed an opportunity like they previously had with eBay.

Whorton spent countless hours reading business plans and going to meetings. He soon found himself overwhelmed and feeling underqualified for what it was he was tasked with doing. He was assured, however, by Doerr, that he was doing better than other people he had previously tasked with doing the job. During this time, Whorton came up with the idea of an online drugstore, and he followed Doerr's advice to work with Jeff Bezos on the idea. As Whorton's second year at Doerr's company was coming to a close, Doerr convinced him to stay on one additional year during which time he was instrumental in helping KPCB work successfully with Google, ensuring "that KPCB did not 'miss the next eBay.'"

Whorton believes the time he spent at KPCB "was at the fork between old and new roads." New ways of business were emerging, "but the old way was still very much present." The old way was based in part around Kleiner's Laws which listed the four types of risk involved in company building: "market, tech, team, and financing." It was the job of founders and venture capitalists to identify, reduce, and/or remove these risks. Additionally, startup funding would occur in very specific stages which included specifying when a company "could go public." "An IPO was regarded as the pinnacle of startup success." Things started to change after Netscape succeeded beyond anyone's imagination despite flouting traditional wisdom such as they contained in Kleiner's Laws. Despite the lack of proof of viability for Netscape, it tripled its opening price on the first day. Whorton writes, "Unprofitable ventures weren't supposed to be worth billions of dollars, but how could you argue with that share price?" People began to realize that exit "valuations could be three to ten times (or more) larger," something Doerr called "get-big-fast." With this new way of doing business that Doerr was firmly behind, profitability did not need to be a concern for entrepreneurs. Venture Capital was capable of covering risk. The goal was to get quick before any other companies had an opportunity to emerge in new markets.

> *Evergreen companies are concerned with Pragmatic Innovation. They seek continuous improvement."*

## Changing Belief System

After experiencing disappointment in a sour business relationship, Whorton read *The Power of Myth*. This book explained the hero's journey that underlies the world's best stories across all cultures. In this hero's journey, a mentor calls a hero on an adventure where he or she "faces unexpected challenges and temptations," falls into despair and ends up achieving victory thanks to "revelation that leads to a decisive victory." Learning about this hero's journey helped Whorton realize that contrary to what Silicon Valley titans promoted, even the greatest entrepreneurs fail. Whorton was also influenced by Nietzsche's *Thus Spoke Zarathustra* in which Nietzsche describes young people as camels who must be loaded up with instruction and act in obedience before they run "out into the desert" and become "transformed into a lion." The most powerful lions carry the heaviest loads. These lions kill the dragon of ThouShalt. After killing this dragon, "the lion is transformed into a child, an innocent child living out of its own dynamic."

Whorton saw himself as a camel because he worked hard developing himself educationally and professionally. He had no desire to rejoin venture capital, but he joined with a private equity firm TPG that he eventually left because he was interested in "high-risk, high-reward, early-stage companies" which was not in line with TPG's goals. Whorton decided to start his own venture capital firm. He met with a former classmate from business school, Jessica Herrin, who was embarking on a new business. When Whorton asked her about her exit strategy, she insisted she would stay with the company throughout her entire career. Additionally, she insisted that she could build a successful company without the aid of venture capital. She turned down Whorton's offer to work with Tugboat Ventures, his venture capital firm, because she said eventually a venture capital firm would push her to sell the company, something she would not do. Instead, he invested some of his own money in her venture, but he did not believe he would receive any return because he did not believe her way of seeing things was valid.

When working on his own fund, Whorton realized that he had a "desire to work with great entrepreneurs like Bill Hewlett and Dave Packard – founders with high character and high capability." He did not believe he could be like either Packard or Hewlett, so he sought after others who were. He writes, "I was searching for another way to build great, long-lasting companies." At the time, he was competing with those who believed in "spray-and-pray," which involves investing in many companies knowing that it only takes one to succeed in order to make money. These people were not trained in VC, but they did have money. They could make investors more money this way that Whorton could with his slower paced investing. When talking to mentor Burt McMurtry, Whorton proposed employing spray-and-pray, but McMurty reminded him that he "can't adopt a strategy you don't believe in." This is different from the predominant model today which Dave Strohm described by saying, "Today, companies are being built to raise cash, not to generate cash."

## Company Research

Whorton had long seen "businesses as entities doing important things for society and as places where people could go to work and be treated well." He had seen examples of companies over the years that did this, but it is not what he saw in Silicon Valley. Warren Buffett and Charlie Munger were doing business in a different way, however, taking a long, sometimes forever, view of the companies they invested in. Because they invested for the long term, they achieved tremendous profit because of compounding value. Additionally Herrin's company, Stella & Dot, was succeeding without venture capital. Whorton spent a year interviewing "company owners and CEOs, and several thought leaders," realizing that there were people out there leading successful companies without the interference of venture capital or private equity. He realized these companies were centered around people and purpose. Roberta Katz coined Whorton's purpose statement when she told him "we've lost track of the importance of human beings coming together to build meaningful companies to change the world." Whorton and Chris Alden developed the aforementioned Tugboat Institute which would house "an umbrella of services to offer companies on an Evergreen path." One of Whorton's priorities was a meeting place for leaders of these companies to gather. Considering all of the people Whorton had interviewed, he came up with the seven principles he found in Evergreen companies. He planned and led the first Tugboat Summit which was a resounding success, and the Institute announced their existence formally after the success of their second summit.

Whorton was able to learn about how different companies worked to provide Evergreen value to their customers, communities, and employees. One of these was the SAS Institute. SAS invited Whorton to visit for two days to learn how things are done there. Whorton was interested in learning specifically how SAS focuses on people and pragmatic innovation. He learned that SAS "does not offer equity or stock options to employees," but that employees stay because of all they offer them including an onsite daycare and private offices for all employees. When reducing the length of the workweek failed, SAS brought quality food that employees could purchase for $2. SAS leaders are also interested in "digging a lot of little holes" where individuals can create new products and can launch them if they can convince

relevant department heads to give them the resources they need. This is different from the only paradigm Whorton knew which was for someone to write a check to finance new products.

Another company Whorton visited was Missouri-based SRC Holdings Corporation. CEO Jack Stack had been at the company since 1983 and believed deeply in the 7 principles of Evergreen companies. Whorton spoke with multiple employees at SRC who told him about the company's objective of having $100 million in reserve so they would be able to weather the next recession. Going into the factory's cafeteria, Whorton noted that the walls were papered in costs and revenues for all employees and customers to see. This was shocking to Whorton because the information is proprietary, but Stark insisted that the point that SRC competes on is the intelligence of their employees, not these numbers. Therefore they are not concerned about sharing the numbers. An additional insight Whorton received at SRC was that the company honors two different types of employees. Some come in and do their work and leave. Others have larger ambitions and may even want to leave the company one day to begin their own ventures. Stark supports both types of employees much to the surprise of Whorton because Silicon Valley sees those who leave to start their own ventures as being traitors. Whorton took these and other ideas he encountered at SRC back to Tugboat.

While Whorton originally believed these Evergreen companies were few and far between, he began to learn that they were everywhere. They simply do not draw the same attention as their public counterparts. He interviewed leaders at In-N-Out Burger, Radio Flyer, Enterprise, White Castle, and the St Louis Trust Company among others. He learned how deeply committed the people at these companies were to both their purpose and to cultivating a company that will last for decades or centuries, companies they hope will outlast them.

## Genre Bending

Whorton's book reads as a type of business memoir where he details the evolution of his own thought process as he starts out entrenched in the world of venture capital and private equity, believing this to be the only way that business is done through his journey to discovering the wealth of companies throughout the country that abide by different principles. Leaders at these companies are committed to growing companies that take care of their employees as well as the communities around them. It took Whorton a while to fully understand this different way of doing business because it was so foreign to him, but the more he spoke to people at the helm and in the trenches of these companies, the more he began to believe in the way they did business. His earliest working days in a factory at Hewlett-Packard made an indelible impression on him because he saw first hand a company that sought to take care of its employees, and he could never shake the idea that this is the way to do business.

Whorton's *Another Way: Building Companies That Last and Last and Last* is more than a memoir, however. It is also an exploration of 7 key principles that Evergreen companies focus on. Whorton discusses these in order to draw the attention of more Evergreen companies. Whorton ends his book with a list of innovation lessons he learned from these companies. Among those already listed, these lessons include the importance of constraint, the value in continuous learning, the need to look to others for ideas, and the necessity of protecting ideas in their early stages. Whorton's life's work is centered around the Tugboat Institute which seeks to draw leaders of these companies together to form a community and to share principles and ideas. Other people leading and working in these types of organizations will likely see their principles shared by other companies in Whorton's book. While this is not strictly a practical book providing lists of detailed plans to overcome specific business-related problems, Whorton provides ample examples of ways business leaders have put people and innovation first and have achieved great success in the process, providing both inspiration for readers as well as showing other Evergreen owners that they are not alone in their desire to do business a better way.

This *Book Snaps*™ book review is presented by the Editors at Soundview. Copyright 2025 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. FBR0925A

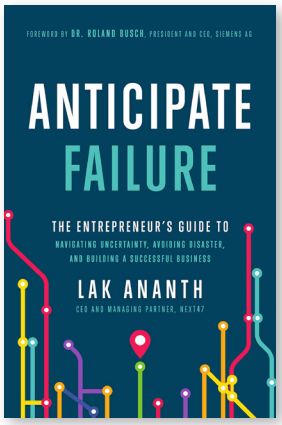
· Book 8 of 67 ·

# Anticipate Failure

soundview
Executive Book Summaries®

# Anticipate Failure

## The Entrepreneur's Guide to Navigating Uncertainty, Avoiding Disaster, and Building a Successful Business




*by* **Lak Ananth**

## Contents

Failure Is Common
*Page 2*

Customer Failure
*Page 2*

Technology Failure
*Page 3*

Product Failure
*Page 4*

Team Failure
*Page 5*

Timing Failure
*Page 5*

Business Model Failure
*Page 6*

Execution Failure
*Page 7*

## THE SUMMARY IN BRIEF

Building a business based on innovation is a perilous endeavor, and failures big and small are always around the corner. In ***Anticipate Failure,*** Lak Ananth—CEO of global venture capital firm Next47—describes the most common patterns of failure in innovation. He analyzes organizational failures, helping readers to understand root causes, and provides insights and coaching that will enable readers not just to avoid failure but to anticipate and work through it in order to achieve success.

***Anticipate Failure*** is not a "do-these-things-and-you-will-succeed" prescriptive kind of business book. Instead, it is a coach and trusted companion that will help any business founder, executive, and manager get through some of the most difficult challenges they will face when they embark on innovation and building a new business.

Based on interviews with some of today's most successful founders and executives, ***Anticipate Failure*** also contains riveting stories of high-profile failures in innovation. Read it, and then put the lessons you learn to work in your own business.

## IN THIS SUMMARY, YOU WILL LEARN:

- Why first movers and great ideas don't always win.
- The seven most common patterns of failure and how to avoid them.
- Fascinating stories of companies that failed and others that succeeded by anticipating, avoiding, or working through failure.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, Suite 202, Chadds Ford, PA 19317 USA. • Copyright ©2022 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • Vol. 44, No. 6 (3 parts), Part 1, March 2022 • Order #44-06 • Meghan Kozak, Editor-in-Chief • Ashleigh Imus, Senior Editor • Kylie Waytuck, Graphic Designer

## Failure Is Common

The Segway was a technological marvel that was touted to change urban transportation. Unfortunately for the company, it did not achieve that potential. These two-wheeled, self-balancing scooters didn't catch on for a variety of reasons, not the least of which was their high price. They became popular with just two groups of customers: tourists and mall cops. "Build it, and they will come" turned out to be a fallacy. Why did a world-changing technology not change the world?

British music conglomerate EMI used the royalties from The Beatles records it sold in the 1960s to help fund the development of the CT scanner—a device that fundamentally changed the practice of medicine worldwide. Although EMI invented CT technology, it was able to sell only a handful of the units, abandoning the market to Siemens and General Electric in 1976.

A common belief is that first movers win. But do they really? Why did second mover Siemens become the world's leading medical imaging company, while first mover EMI failed to sustain its advantage?

### Seven Patterns of Failure

There are many ways to fail in the innovation and entrepreneurial journey. Anticipating them, preparing relentlessly for them, and navigating through them when they do happen is the way to achieve success.

Seven patterns of failure tend to dominate:

- Customer failure;
- Technology failure;
- Product failure;
- Team failure;
- Timing failure;
- Business model failure;
- Execution failure.

The sections below address each of these patterns, providing case studies and examples of companies that failed despite the best intentions and the many good things they had going for them. The goal is to sensitize you to failure to ensure that you know it is always right around the corner and you are ready to take it on.

Instead of failing, you can quickly pivot your organization in response to a fast-changing business environment. By anticipating failure, you can do something about it when it knocks on your door. Instead of being caught flat-footed, you will be ready to take action when others are still wondering what happened.

Even when things are not under your control, when unanticipated events and challenges to your business hit you relentlessly and from every direction, you can *take* control.

## Customer Failure

Imagine that you had an idea for a $2,500 product with the strong potential to turn a significant portion of the fast-growing middle class of your country into customers. Sounds pretty good, right? Now imagine that the country we're talking about is India, and the potential market we're talking about numbers 300 million people.

If the product succeeds in India, then there's every reason to believe that it would do just as well in other countries, adding potentially billions of customers to the mix. This was the vision of Tata Group Chairman Ratan Tata, who envisioned the creation of a small, affordable "people's car" known as the Nano that would appeal directly to a large segment of India's population.

The hope was that at a price of 1 lakh rupees (about $2,500 at the time)—for the base, no-frills model—would enable a significant number of people to trade in their uncomfortable and unsafe motor scooters for the more comfortable and safer Nano.

However, when Tata pulled the plug on the car 11 years after it was unveiled to the public, it had sold a fraction of that, just 300,000 units, with 70 percent of those sold within the first four years. Where did all those customers go?

### What Went Wrong?

The Tata Nano had everything going for it—the personal support and vision of the powerful chairman of one of India's largest companies, the tried-and-true automotive technology that had been honed for more than a century, an inspiring social mission, and an untapped market of many millions of people. Yet the business failed.

The key reason behind the Nano's failure was that Tata Motors did not fully understand the needs of the customers it had targeted. Tata's managers were convinced they had a viable business idea, and so they designed the car, did the trade-offs, built the factory, and started marketing Nano

Always think in terms of, what is your offer? Is this the product offer that hits the bull's-eye and perfectly solves the customer's problem?

heavily. They jumped immediately from Ratan Tata's vision to execution of the product.

The company did not anticipate customer failure, and that doomed the Nano even before its tires hit the road for the very first time. If Tata staffers had spoken with more real customers, they would have found that their target demographic, first of all, cares a lot about their children's education. They care a lot about taking care of their older parents. They care a lot about buying a house. Buying a car is farther down the wish list.

People in this segment have many other things they want to buy before they start thinking about solving their transportation problem with a luxury item. To truly understand these concerns, you have to put yourself in your customer's shoes.

### Coaching Through Customer Failure

The good news is that you don't have to fail when it comes to your customers. There are a variety of things you can and should do to anticipate customer failure and ensure it doesn't impede your success. Start with a hypothesis for your business. The hypothesis is usually, "There's a customer problem, and there's a product that solves that problem."

Next you'll create a business model to serve the customers you identify, but you must be careful not to step directly into execution. Verify and test each one of your hypotheses and iterate through them. Your goal is to fully understand,

- Is this a real problem?
- Is the problem threshold high enough that your target customers are really seeking a solution, or is it a minor inconvenience that they would be willing to live with forever?
- Are there enough customers with this problem?
- Is this a repeatable problem?
- What customer segments exist that have the problem?
- What other options exist to solve the problem?

Really get down to it in characterizing the problem, verifying it, and making sure it fits with your hypotheses. If it doesn't fit, iterate. Always think in terms of, what is your offer? Is this the product offer that hits the bull's-eye and perfectly solves the customer's problem? If it doesn't, then try again.

## Technology Failure

The Segway PT (Personal Transporter) was a marvel of technology: a two-wheeled, stand-up, single-rider electric scooter with a maximum range of 12 miles on a single charge at speeds up to 12.5 miles per hour. Introduced to the public in 2001 on ABC television's popular Good Morning America show, the product quickly captured the interest of the American public.

Inventor Dean Kamen billed the Segway PT as a replacement for automobiles, saying it "will be to the car what the car was to the horse and buggy." In 2002, Tobe Cohen, Segway's director of marketing and brand strategy, projected that the company would sell up to 100,000 units a year beginning in 2003.

In short, the Segway PT was poised to transform transportation as we knew it. That is, until it wasn't. The hype cycle soon wore off, and the reality of market adoption set in. The company struggled for many years to sell enough units to build a sustainable business. Segway finally pulled the plug on its electric standup scooter in 2020. Why didn't Segway's remarkable technology make it the winner it was predicted to be?

### Not the Technology Itself

Yes, Segway's technology was amazing, but at a retail price of just under $5,000, the Segway became a toy for well-heeled buyers, not ordinary consumers who either could not afford it or were afraid they would be making a life-and-death financial decision by buying one.

Beyond the high price of admission, the world was not yet ready to buy an electric vehicle—especially an electric vehicle with a range of just 12 miles on a good day and no protection of riders from the rain, wind, cold, and other elements.

The Segway PT lacked the infrastructure needed to truly transform transportation. The owners were pioneers who had to figure out where they could ride their vehicles, where they could recharge them, where they could park them, and so on.

Learning how to operate the scooter was a headache. Riding a Segway PT was different from riding a bicycle or motorcycle, requiring an entirely new set of skills. The first customers had to travel to regional training centers for lessons.

When we talk about technology failure, we are not focused on what innards the invention has and whether it actually works. Rather, we are talking about the cycle of adoption of technology where it really changes the world. The failure is failure of *adoption of the technology*.

The key point is that if you focus only on your own technology marvel, you may overlook the other factors that are required to make your technology successful in the marketplace. The adoption chain is just as important as the technology—perhaps even more so.

### Coaching Through Technology Failure

The internal combustion engine, the microprocessor, and block-chain all were breakthrough technologies. The important thing to understand is the technology ecosystem. In order for your technology to be adopted successfully, the ecosystem involves who else needs to be on board, how you can empower the ecosystem or position yourself to reduce the risk of adoption failure, and how to enable people to get the full value of the new technology that you're creating.

"Build it, and they will come" is nothing but wishful thinking. If you allow yourself to be blinded by the brilliance of your technology and narrowly focused on execution in the market, you may fail to consider other innovations required for your technology to succeed.

## Product Failure

The eventual winner in any category anticipates customer needs, starts with a compelling initial product, sees the future opportunity, and executes better than its competition on consistent progress. Let's consider some other notable examples.

Before Facebook became a worldwide social media phenomenon, with more than 2.7 billion monthly active users, there were MySpace—which was once the largest social networking site in the world—and Friendster. MySpace quickly became an eyesore, an inconsistent hot mess with little structure. Friendster technology did not scale, degrading user experience with long page-load times and frequent service outages.

Facebook leaders took a different approach: curating their social network, building technology properly, improving rapidly to keep up with fickle consumer trends, and measuring impact all along the way. They readily admitted that they did not know what worked, but they continued, consistent with founder Mark Zuckerberg's motto: "Move fast and break things." Then they relentlessly tracked the data on what people actually used, keeping what worked and discarding what did not.

### Coaching Through Product Failure

How do you anticipate and avoid product failure? Let's start with first principles, and there is no better example than Steve Jobs and his response to a question at Apple's 1997 Worldwide Developer Conference. The question was about OpenDoc, a product that Apple once championed but Jobs killed after he returned to the company, first as a consultant and then as interim CEO.

The questioner was clearly peeved that Jobs had made the decision to kill OpenDoc, and he wanted to know the rationale. Jobs's response was timeless:

"You know, you can please some of the people some of the time. But one of the hardest things when you're trying to effect change is that people like this gentleman are right in some areas. I'm sure that there are some things OpenDoc does—probably even more that I'm not familiar with—that nothing else out there does. And I'm sure that you can make some demos, maybe a small commercial app, that demonstrates those things."

"The hardest thing is, how does that fit into a cohesive larger vision that's gonna allow you to sell 8 billion dollars, 10 billion dollars of product a year? And one of the things I've always found is that you've got to start with the customer experience and work backward to the technology. You can't start with the technology and try to figure out where you're gonna try to sell it, and I've made this mistake probably more than anybody else in this room, and I've got the scar tissue to prove it, and I know that it's the case. You start with the customer, and not just one customer. You start with a need that a lot of customers might have."

Avoiding product failure takes a lot of discipline to stay focused on what matters in serving the needs of a broad set

It's important for leaders and teams to keep in mind the next person they're going to recruit that is better than they are in some dimension.

of customers. If you look at the central tenet of how Jobs operated and what he learned as an entrepreneur, the art of innovation with products and doing something big is saying "no" to 99 things so that you can say "yes" to the one thing that will change everything.

## Team Failure

When people think about the creation or invention of some new technology or product—especially a technology or product that becomes the basis of a transformative company—they often put their focus on one person. They might, for example, associate the emergence of the automobile industry with Henry Ford, or the invention of light bulbs with Thomas Edison, or the tremendous success of Apple Computer with Steve Jobs, or the global growth of Facebook with Mark Zuckerberg.

This is a mistake. While these individuals were instrumental in creating the inventions or companies they are associated with in the minds of the public, they didn't work alone. Each created a remarkable collection of talent, working together to achieve lofty goals.

### The Traitorous Eight

One of the best examples in Silicon Valley is the group known as the "traitorous eight." This was the group of eight people—Julius Blank, Victor Grinich, Jean Hoerni, Eugene Kleiner, Jay Last, Gordon Moore, Robert Noyce, and Sheldon Roberts—who left Shockley Semiconductor in 1957 to form their own company in Mountain View, California: Fairchild Semiconductor.

It was here that members of this team invented the first true monolithic integrated circuit—the foundation of modern-day computers. The true greatness of the traitorous eight was not recognized until much later when team members spun off and did great things elsewhere. They became the de facto startup incubator for Silicon Valley, directly or indirectly creating many other companies and sparking many other technologies and even venture capital.

In 1961, Jean Hoerni, Eugene Kleiner, Jay Last, and Sheldon Roberts left Fairchild to join Amelco, which was then owned by Teledyne. In 1968, Gordon Moore and Robert Noyce left Fairchild to form NM Electronics, quickly renamed Intel. Eugene Kleiner eventually went on to found venture capital firm Kleiner Perkins Caufield & Byers, which funded numerous Silicon Valley startups, including Google, Sun Microsystems, Netscape, Genentech, and others.

### Building Talent

How do you build such a remarkable collection of talent? Let's start with the basics. When you're in business-building or startup mode, you're going to double or triple the size of your organization every year. The job description of a team member you hire today probably will be different six months from now. Someone may be brought in to manage one product, and six months later they may manage 10 people and three products, and then it's going to grow from there. When you're hiring, you need to have plenty of runway or headroom.

Ideally, people grow with the company. But if they don't grow, you need the headroom to bring in others who will take you farther. The person who took you from $1 million to $10 million in revenue in a sales role may not be the person who takes you from $10 million to $100 million in revenue.

It's important for leaders and teams to keep in mind the next person they're going to recruit that is better than they are in some dimension. If you're running cloud engineering, how are you going to hire the next cloud engineer on your team who is better and knows more than you? That's how you strengthen your company, your bench, and your capabilities.

Finally, no new business, startup or otherwise, can afford to recruit people into key positions who are learning the basics on the job. Having top talent with both skills and runway in every key leadership role in a company is critical.

## Timing Failure

We all know the old saying, "Timing is everything." And while timing might not be everything, it is certainly an important part of the success of any business venture. Intro-

duce your new product or service too early, and customers won't be ready for it. Too late, and the battle for market share in a new category may already be over, and the barriers to entry too high.

### Two Curves to Get Timing Right

Fundamentally, there is a right time for building massive success in a new business. That means there are many, many wrong times. Since none of us has a reliable crystal ball that will tell us when the right time is, we need to look at the data. There are two curves at work that determine whether the timing of your new venture is going to be right or wrong.

The first curve is technology capability at cost points attractive to the market. For a new product to be successful, different technology capabilities have to come together at a price point that meets the wallet of enough customers to make the business model work.

The second curve is market readiness. While you might have the technology capability to do some task—for example, to store your photos on a mobile device—if people aren't used to the idea of taking a digital photo, then they aren't going to buy a phone to take photos.

For a product to be successful, these two curves—technology capability at an attractive cost and market readiness—have to intersect. And when these two curves intersect, a window is created where it is the right time for a new product to come to market and for the company that introduced it to build market share.

The golden window of opportunity for smartphones was from 2000 to 2010. This was when all the technology and connectivity—as well as customer readiness and usage of the internet—intersected beautifully, and that's where the category leadership battles were fought.

When you are coming in before a window like this opens or after it closes, you're simply not in a position to win a significant market position. Every category of tech product has its own golden window of opportunity—from MP3 players to smartphones to enterprise software as a service (SaaS) to social networking to cloud computing.

### Coaching Through Timing Failure

What steps do you take to identify market transitions and take advantage of them? And conversely, how do you avoid timing failure by being too early or too late?

Let's say you're a large company like Cisco. First, you must have the radar out there to watch for these golden periods of market transitions. When you see something coming over the horizon, you must recognize that this is the time when market incumbents and losers will be established and when customers will be willing to switch. Therefore, this is the least expensive time to gain market share. Established companies have a hard time understanding and an even harder time pursuing this concept.

If you are a startup or an entrepreneur, then you're going to be willing to invest a lot in this type of window—even suffer heavy losses. You know that, in spite of all these losses, if the customers you acquire are valuable, and this is the only window where you can acquire them, then you can get a lifetime of profits from them.

If you don't have the capacity to compete early on, then you have to make a commitment either to acquire another company that's already in the market or to invest heavily in customer acquisition and product development.

## Business Model Failure

Once you have found your customer, your product, and a match between the two, you'll likely be excited about your business opportunity. Make no mistake about it: Getting to this point is a real accomplishment. But once you've made it to this point, your business-building journey is not complete until you create a sustainable business model. This must be your focus.

Initially, it may or may not be clear what the business model is, and that's okay. In the initial period of uncertainty around the business, you need to have a hypothesis.

### Three Levers

When you consider unit economics, you have three levers to work with: revenue, costs, and differentiation. Revenue and costs give you a snapshot of your financial position, while differentiation gives you a sense of sustainability. If you're able to make profits early on but you don't have loyalty or barriers, you're going to lose the business because other entrants will dilute your economics as they compete for market share.

Your job as you build your business is to consider each of these three levers. What are the sources of revenue? What are the sources of costs? What are the sources of differentiation? Then put all of these things together and see if your hypothesis holds on the unit economics. If it holds, then you have something in your hand. If it doesn't hold, spending a

Amazon faced execution failure on Christmas Day 2013, and as a consequence their customers were deeply disappointed.

lot of money is not going to get you where you want to go. You're not going to make it up in volume.

**Revenue**. From a revenue perspective, it's important to understand what would cap your upside. You might, for example, find some early adopters, but are you going to find enough mainstream adopters to keep that growth going?

Is it possible you'll encounter unanticipated interventions from regulatory agencies or have problems with cybersecurity or privacy? Those are unintended interventions into revenue growth, and you have to look into things with the potential for this kind of impact. You also have to keep making sure that you're delivering enough value to reach an increasing number of customers.

**Cost**. From a cost perspective, you want to get into all the costs of your product or service, not just one piece of it. What is your cost of customer acquisition? What is your cost of actually delivering that product or service on an ongoing basis and not just one particular transaction?

Are there going to be any third-party interventions? Will you need to share your economics with partners, and what are the costs of doing so?

**Differentiation**. Finally, from a differentiation perspective, why are you different, and how can you sustain this kind of profitable cycle of transacting? What are the barriers to entry, and do they make it difficult or easy for other people to enter? Is there customer loyalty? When you serve these customers, is there a reason for them to keep coming back to you?

Are you doing something in terms of a way to transact with the customer that's compelling for them? Are there switching costs once a customer adopts your product? Ultimately, differentiation and customer loyalty matter a lot to unit economics.

### Netflix: A Business Model Success

A company that has an enviable combination of customer loyalty, barriers to entry, and a customer-friendly transaction model is Netflix.

In the early days, people hated Blockbuster, and they loved Netflix. They built customer loyalty because they didn't annoy their customers but, rather, gave great service. Even though it was not instant gratification, people wanted to go and transact again. They were willing to wait to get that DVD in the mail.

Similarly, instead of paying on a per-rental basis, Netflix offered a way to transact where you didn't have to think about it. They offered flat-fee subscriptions, and you could take as many DVDs as you wanted. They reduced this decision-making on a disc-by-disc basis into a set-it-once-and-forget-it type of thing. It was frictionless for customers.

One other thing was really important and different from Blockbuster: There were no charges for late fees. You could keep a DVD as long as you liked and return it whenever you wanted. At Blockbuster, if you were one minute late turning in your DVD, you were charged a late fee.

Remember: You can't defy the laws of gravity. You have to have a hypothesis. You need to break down your business model and unit economics to costs, revenue, and differentiation, and think through each category.

## Execution Failure

Since the beginning, delighting customers has been a central tenet of Amazon's culture. During the 2013 holiday season, UPS was overwhelmed with an unprecedented and unexpected volume of packages from Amazon and other online retailers.

As a result, many Amazon packages scheduled to be delivered in time for Christmas Day gift giving were not, leading to numerous customer complaints. When all those packages arrived late, Amazon's customers were not delighted.

Amazon faced execution failure on Christmas Day 2013, and as a consequence their customers were deeply disappointed. Their leadership vowed it would never happen again. They realized that the only way to prevent a repeat fiasco would be to build their own delivery network, and they quickly set about doing just that.

When they began this new initiative, it seemed foolhardy for an online retailer—even one as large as Amazon—to replicate what UPS, FedEx, and DHL had spent decades creating and were already dominating.

By 2020, Amazon had become the fourth-largest U.S. delivery service, delivering more than half of its own packages to customers.

It's expected that Amazon will pass up both UPS and FedEx within a few years as it continues to invest heavily in expanding its transportation operations, including delivery trucks and even aircraft. In 2020, the company added 12 Boeing 767-300s to its Amazon Air cargo fleet, bringing it to more than 80 aircraft.

How did they do that? They turned execution failure into one of the most amazing feats ever of execution at scale. And they accomplished all this in just a few years—that's *transformational* execution. That's the reason why people fear Amazon and why Amazon is worth so much.

## Four Aspects of Execution

When we say "execution," what are we really talking about? There are four key ways that companies execute: focus, speed, relentlessness, and decision-making.

**Focus** is having clarity on what to do and what not to do and sticking with it. This requires having principles or criteria by which you are clear on what you're going to do and what you're not going to do. Saying "no" to many, many things so that you can say "yes" to what matters is the essence of focus.

**Speed** is moving quickly and with greater agility than the competition. If you can be faster in building the product, responding to what the customers want, building out a go-to-market that's fit for purpose with the market opportunity, listening to customers, and incorporating their feedback in what you do, then that will differentiate you from everyone else.

**Relentlessness** is the idea that you're fighting the fight every day, over and over, and getting the details right—big and small. That kind of relentlessness also allows you to win segments of a large opportunity.

**Decision-making** is, of course, making choices between one course of action and another. In general, many people get the large decisions right. But then it breaks down into a number of micro decisions across the organization and getting a majority of them right. That's really the crux of what great execution is about.

There are hundreds of micro decisions to be made, and to execute and move the business forward, you need to get them right most of the time.

There's a seemingly limitless universe of opportunities out there waiting to be discovered, developed, and put into the hands of people who need them. People want to work for great organizations, with other talented and motivated people, and customers want to buy products they love, built by companies that share their ideals and values.

It's up to you to create these great organizations, to build products that people love, and to deliver the future.

By understanding how to anticipate the seven patterns of failure, you have gained the tools you need to become the ruler of your own destiny.



Lak Ananth is an Indian American venture capitalist who thrives on identifying industry-changing disruptions and acts on them as an investor in close collaboration with founders. He is the CEO and Managing Partner of the global venture capital firm Next47, which is backed by Siemens AG. Next47 partners with visionary founders from around the globe and serves them as they build companies that will profoundly advance how the world works. In addition to running Next47, he serves on the board of several companies that he has helped to grow beyond $1B valuations.

From ***Anticipate Failure: The Entrepreneur's Guide to Navigating Uncertainty, Avoiding Disaster, and Building a Successful Business*** by Lak Ananth. Copyright © 2021 by Lak Ananth. Summarized by permission of the publisher, Ideapress Publishing. 185 pages, 978-1-6468-7072-1. Summary copyright © 2022 by Soundview Book Summaries ® www.summary.com, 1-800-SUMMARY.

· Book 9 of 67 ·

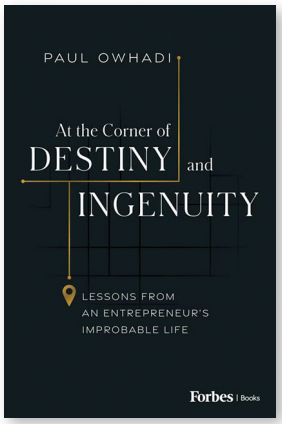
# At the Corner of Destiny and Ingenuity

Paul Owhadi

Executive Book Summaries®

# At the Corner of Destiny and Ingenuity

## Lessons from an Entrepreneur's Improbable Life




*by* **Paul Owhadi**

## Contents

Chapter 1:
The Perception of Home
*Page 2*

Chapter 3:
Education—in the
School of Life
*Page 3*

Chapter 6:
Opportunity Knocks
*Page 4*

Chapter 9:
The Concentration
of Success
*Page 5*

Chapter 11:
The Wisdom of Reflection
*Page 6*

## THE SUMMARY IN BRIEF

Each life is a journey and a lesson. Some journeys are smooth, and the lessons are simple and easy to share and learn. But others are extremely difficult – long, winding roads, with obstacles at each turn. Thankfully, most of us do not have to experience them. But we can learn something extremely valuable from them. Not just for our everyday life, but also for the way we start, run and grow successful businesses.

***At the Corner of Destiny and Ingenuity: Lessons from an Entrepreneur's Improbable Life*** by Paul Owhadi, is a detailed memoir of resilience, entrepreneurship, and personal transformation. Through hardship, self-reliance, cultural transitions, and entrepreneurial lessons, the author managed to leave his native country, Iran, and finally become a top-level professional in the U.S.

## IN THIS EXECUTIVE BOOK SUMMARY:

- Resilience: adapting to new environments and hardships.
- Ingenuity: creative problem-solving and resourcefulness.
- Cultural Integration: the ability to navigate diverse cultures and perspectives.
- Self-Reliance: the value of standing on one's own and forging a unique path.
- Legacy: building a lasting impact through meaningful work and relationships.

## Chapter 1: The Perception of Home

I grew up in Shiraz, Iran, a city renowned for its beauty, culture, and history. I remember it fondly, as a city of jasmine-scented air, vibrant colors, and ancient landmarks. However, from an early age, I felt a deep, almost inexplicable certainty that my future lay far beyond its borders.

I grew up in a bicultural and open-minded family, that sought to expose me to a wider world. At four years old, I was sent to L'Étoile du Matin, a French boarding school. This experience, while formative, was stark and challenging. Run by Swiss, Italian, Armenian, and French priests, the school demanded a rigorous discipline that often felt cold and isolating to me and the other children.

During the first weeks, I was subject to bullying and a strict disciplinary regime. A particular moment stands out, when I approached one of the priests after a particularly brutal beating. Instead of comfort, the priest offered an enigmatic response: "What do you want me to do about it?"

At this moment, I realized I could either choose fear and misery or find my inner strength. I chose the latter, beginning to fight back and assert myself. This marked the start of my journey toward self-reliance and resilience.

Using ingenuity and resourcefulness, I was able to win my classmates' respect and friendship. This and my growing confidence helped me gain a sense of belonging in the otherwise harsh environment I was growing up in.

## Chapter 2: The Empty Date

I moved to England during the 1960s. This was a second farewell to my family, but this time it has a sense of finality. At the airport, my father handed me a book with a poignant gesture: he had written down my departure date and left space for a return date—a space that I instinctively knew would remain empty forever. This symbolic moment emphasized my awareness that my destiny would lie far from Iran, although my father hoped that I would return as a diplomat.

This phase in my life marked my first steps toward adulthood, being thrust into a culturally dynamic and rapidly changing world. Unlike the structured and ascetic environment of the French boarding school, England offered a starkly contrasting landscape filled with freedom, challenges, and opportunities for self-discovery.

I arrived in England at a time when the country was experiencing cultural upheaval. The "swinging sixties" created an era of youthful expression, British rock and roll, and societal shifts. This was a world of velvet shirts, bell-bottoms, and unrestrained individuality—a sharp contrast to the rigid discipline of my past. However, I was able to remain grounded by the values instilled in me during my boarding school years. These include a sense of discipline, resourcefulness, and respect for hard work.

For the first time in my life, I had the autonomy to make my own decisions, from managing my finances to choosing how to spend my time. This newfound freedom was both exhilarating and daunting, and I believe it shaped my growth into an independent young man. I valued my independence and refused financial help from my family beyond a modest allowance.

Surrounded by wealthier peers who enjoyed luxurious lifestyles, I chose to work hard and live modestly. Despite many challenges, I felt deep gratitude for the educational opportunity my family offered me, and I refused to squander it on frivolous pursuits.

One of the defining moments for me these years was the purchase of a rusted green Morris Mini Minor for £45. The car, barely working, became a symbol of my ingenuity and adaptability. Not affording repairs, I persuaded a classmate to share the cost. I was also able to solve the discomfort of the car's broken seat with a throw pillow.

Another key moment was when I broke into the box of coins that regulated turning up the heat. I went to the landlord and admitted to the theft, and explained that I did it out of desperation. This honesty impressed my landlord, who forgave me.

It was at this point in my life that I started perceiving the concept of the man in the mirror – the one we are all ultimately accountable to. Throughout my entire life, I strove to stay faithful to this man in the mirror, an expression of my conscience.

After the end of prep school, I moved to New York, USA. On the verge of departure, I broke my own rule and squandered most of my money at a casino. So I left for the U.S. with just $450. However, I was leaving under the impression that I had reliable housing arrangements and family support through a distant cousin, who would wait for me at the airport.

I managed to learn everything from zero, a feat I largely attribute to being street-smart and surrounding myself with loyal employees.

## Chapter 3: Education—in the School of Life

So I arrived in New York with big dreams but little money. My first experience of the United States was far from glamorous. Expecting a warm reception from my cousin, I was instead left stranded at the airport.

My cousin had not been informed of my arrival, so he did not meet me, nor was he able to accommodate me, as his own apartment was undergoing renovations. This forced me and my travel companion, Sherry, to fend for ourselves in a city we didn't know.

I went through all the hardships an inexperienced newcomer has to endure in a huge and ruthless city, from being scammed to rent an apartment from someone who had been evicted by the landlord to getting my car impounded because I lent it to a friend who did not have a driver's license. To get my car released, I had to borrow money from my girlfriend. This experience determined me to make another rule to live by: never let anyone lend me money.

I also did various jobs, starting with a physically demanding one which I quit quickly during a break. I then found another job as a parking attendant and managed to make extra money by offering to "Simonize" (polish and detail) the cars while the owners were inside the building.

This early form of entrepreneurial spirit led to a profitable side hustle involving several friends. I was also able to hone and demonstrate my salesmen skills at a new job in a furniture store and even managed to get a weekend job as a restaurant waiter by lying about my previous experience. However, I managed to learn the requirements of this new job rather quickly, proving that you can always do something as long as you don't believe that it is impossible.

## Chapter 4: Written in the Stars

Moving to Florida from New York proved to be a turning point in my life. Initially, I was lured to the attractions of the place and started slacking in my studies. A professor drew my attention to this problem and this was a real "aha" moment for me. The professor openly expressed his belief in my ability to succeed in life. This, combined with my own self-belief, completely changed the course of my life.

One of the first changes, which happened accidentally, was meeting the woman who would become my wife while I was walking the dog of the girl I was dating at that point.

After getting married, I realized that I was now responsible for providing for my family, and I took a research graduate program on urban planning, as this seemed to be a secure career choice.

My wife and I moved to Indiana where I got my only B+ grade - until then, I was a straight A student. This was another learning moment for me, as I remember the professor telling me bluntly that nobody's perfect.

Emboldened by this realization and by my previous life lessons, I applied for and won the job of city manager of York Town, Indiana. I managed to learn everything from zero, a feat I largely attribute to being street-smart and surrounding myself with loyal employees. Along with other lessons from this job, I learned how to hire people smarter than myself that I could always count on.

## Chapter 5: Going Places

From York Town, Indiana, I moved to become city manager of a bigger city, with bigger challenges – Ludlow, Kentucky. By now, I already had experience and knew how to deal with difficult situations in this role, including racial discrimination, by reading the room and taking a firm stance.

At this point, I had also become a father. The birth of my daughter determined me to work harder and provide a life of opportunity and happiness for my family. However, despite getting an Honorary Colonel certificate and continuous challenges at the office, I felt that I was stagnating in the job of city manager.

So, I moved my family to California and, despite misgivings and an initial refusal, took yet another city manager

position in Mendota in Fresno County. During this period, I also obtained my U.S. citizenship. It was during the ceremony of being sworn in that I met someone who would reshape my future life. The conclusion for this period of my life was to always accept an opportunity when it is given.

## Chapter 6: Opportunity Knocks

As a U.S. citizen, I started experiencing a new-found freedom, having a good source of income and the ability to buy a large house with a pool for my family. At this point, I set up a redevelopment company for the city I managed and was able to bring five more cities under its umbrella. While negotiating with the founder of Pollock Corporation for the building of a power plant, I was offered a job at the company.

Despite the attractive offer, I realized it was not the right move for me, as I wanted to forge my own path. At this point, Sheldon Pollock, the founder and CEO of Pollock Corporation, offered me the chance to start a company of my own. Funded by Pollock and with other talents on board, I was now stepping into an entrepreneurial role for the first time.

From this moment forward, my life started changing at an astonishing pace.

## Chapter 7: Playing in the Big Leagues

A new era opened in my life – traveling a lot by private planes, moving from city to city and spending little time at home. However, I know that these sacrifices were necessary to create the kind of success I experienced.

My company was now taking on large-scale real estate projects, moving from smaller property deals to managing developments that impacted entire communities. It's particularly challenging to work with government entities and difficult clients, who would quickly change their minds.

Stepping into the "big leagues" required me to refine my leadership skills. This is why it's critical to study with and learn from the best in business, as I did from Sheldon Pollock.

One of the lessons I learned from Pollock is being "real" – being the same person in private and professional life, without pretensions and putting on false masks. This authenticity builds trust and helps people succeed in business.

Another lesson is diversifying in business – not being focused on a single aspect. This concept compares to putting all your efforts into the Titanic – which sank. Likewise, a company with a single line of business will sink during hard times. However, with a diversified portfolio of activities, it can navigate the ups and downs.

This exciting time of learning and doing business came to a sudden end when Sheldon Pollock, my friend and mentor, died in a plane crash. And soon after, I lost everything I had worked for so far.

## Chapter 8: Starting Over

My grief at losing a close friend and mentor was compounded by the realization that my money was tied into Pollock's businesses. Since his estate had to go to probate and Pollock had personally guaranteed some notes, most of the liquidities were used to pay these off.

At this crossroads moment, I acknowledge the crucial role played by my wife, friends and other relationships I had made to move forward. As a father of three, I had to find a quick solution to continue supporting my family.

I started by identifying a property that I was able to buy at a fraction of the price using a financing method available in California through tax-exempt bonds. Despite having little collateral, my professional reputation helped me secure a loan. I built two model homes, which turned out to be exactly what young Californian families were looking for.

The developments sold quickly and in just 12 months, I managed to make several million dollars from this project. I bought out the other participants in the joint venture and, for the first time, was on my own in business.

I reinvested all my profits into increasingly bigger real development projects. In a few years, my business was back in the big leagues. Some of my projects from this period include a 500-acre community campus for the University of California, consisting of three thousand homes, a police station, churches and a bus depot.

I then moved into the business of building, acquiring, and renovating apartments for affordable living, in partnership with an insurance company. This line of business is still thriving, and my company owns thousands of apartments all over the U.S. and is continuing to expand on this number.

From this difficult period in my life, you can draw several conclusions. Firstly, that skills and personal abilities are the only things needed to succeed. Secondly, if I managed to make my fortune once, I am also capable of doing it twice – and as many times as it is necessary.

. . . skills and personal abilities are the only things needed to succeed.

## Chapter 9: The Concentration of Success

It's a thrilling feeling, bouncing back from financial disaster, like Rocky or any popular underdog in pop culture. However, I must acknowledge that fate or luck put me in the path of people who enriched my life and made it more meaningful.

The success I enjoys is also owed to the fact that, from the very beginning, when I first arrived in the U.S., I lived and worked in places where the sky's the limit.

These are places with a concentration of success, and these are the places where I chose to develop properties. This helped me enjoy a life I could not have dreamed of in Iran – meeting celebrities and being their neighbor. Either owing to good fortune or accident, I can say for sure that my life was also filled with a lot of struggle. However, these struggles are also part of a meaningful journey, defining a well-lived life.

Based on my experiences, I was able to create a success formula, which is based on diversification. My portfolio of properties includes:

- Affordable multifamily housing
- Market rate multifamily housing
- Single-family semi-custom and custom homes
- Commercial projects
- General contracting in construction

As time went by, I included my children in the business. My oldest daughter has been working for over 20 years as CEO, while the other daughter is the chief financial officer. This reconfirms my commitment to surround myself with people I can truly trust with delegating tasks.

However, I wanted to make sure that my daughters worked from the ground up and earned their current positions in the company. This is one of my core beliefs – that success is a contact sport and that there can be no passing the buck.

Going back to the man in the mirror, keep in mind that if you are cutting corners, your reputation gets tarnished and it is very hard to repair it. Success always depends on you, and your reputation is a crucial part of it.

## Chapter 10: Take Courage

Many people wrongly believe that if you have success you are leading an easy and untroubled life. On the contrary, as success grows, so does the number and complexity of the problems you have to face.

Also, being successful does not make you immune to misfortune or loss. From grief over Sheldon Pollock's death to the death of an employee during a construction project, I had to withstand my share of tragedies.

It was a very difficult time after the employees death, as their family filed a lawsuit and I was hoping and trying to reach a fair settlement for them, while our company's insurer continued to litigate. While the case finally settled, this period of turmoil took a toll on my life, showing that even at the height of power, no one is safe from misfortunes.

This was compounded by various health problems, including two weeks in intensive care. However, through meditation, I was able to stay on track and pursue my business endeavors. I strongly believe that everyone should try meditation, because it helps us control our minds, instead of letting our minds control us.

Using the Silva Mind Control Method, I was able to bring my short temper under control, by realizing how much energy I was wasting by getting angry. I encourage anyone to fight anger, channel its energy to achieve something positive and approach people with an open mind.

## Chapter 11: The Wisdom of Reflection

It's critical to look back at one's experiences to gain deeper insights, learn from past mistakes, and recognize growth. Reflecting on my own experiences, I can say there are valuable lessons I learned from both my triumphs and my mistakes.

However, after achieving immense success, and traveling across the globe, enjoying exclusive experiences and meeting famous people, at the end of the day the most meaningful thing is having a family and friends. I believe that the tragedy of many successful people is never coming to this realization.

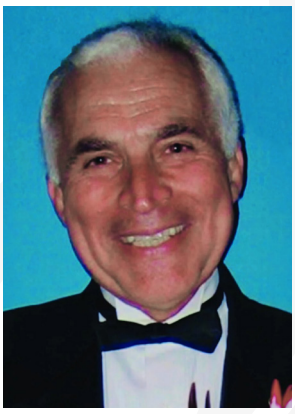
Yes, I had to make sacrifices to get there, but I succeeded precisely because I had loyal and supportive people around me: my wife, friends and employees.

Meeting new people is one of the biggest reasons why I travel across the globe. I recall a particular trip to Africa with my wife; I was going there to cosponsor a school. I was going there thinking that I was doing a favor to that community. However, the kindness and affection we were received with made me feel that I was the one receiving the favor.

Visiting the cells of Senator John McCain in Vietnam and Nelson Mandela in South Africa made me appreciate the value of the blank date in the book my father gave me when I left Iran. By never returning, I enjoyed the freedom to steer my life according to my own plans. And with that blank space for my return to Iran, I could appreciate the courage of those who endured the worst and admire their commitment to humanity.

Reflecting on all the lessons I carry with me, I know that I live with no regrets. I live with the love of family and friends. I live with my successes and adventures. I live with the scars of losses that we all must bear. I live with a love for wanting to leave a legacy and the world a little better than how I found it.

And most of all, I live with that man in the mirror.



**Paul Owhadi's** journey has taken him from a boarding school to traveling the world with the heart of an adventurer. After an education and career in city management and urban planning, Paul took the exciting opportunity granted to him to explore the world of property development. Along the way, he formed his own approach - one combining ethics and a passion for innovation and outside-the-box thinking. With the support of family and a fierce work ethic, he conquered his sector. But he also traveled the globe - using intellectual curiosity as his guide.

***At the Corner of Destiny and Ingenuity: Lessons from an Entrepreneur's Improbable Life by Paul Owhadi*** ©2024 by Paul Owhadi. Summarized by permission of the publisher, Forbes Books. ISBN 979-8887502137. Published by Soundview Executive Book Summaries®. Copyright © 2025 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 47SS04A

· Book 10 of 67 ·

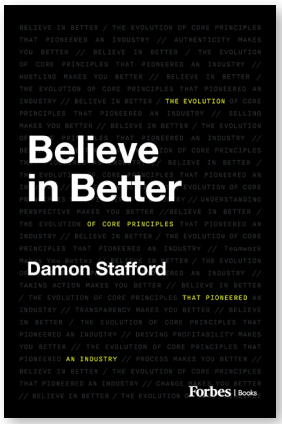
# Believe in Better

Damon Stafford

Executive Book Summaries®

# Believe in Better

## The Evolution of Core Principles That Pioneered an Industry




*by* **Damon Stafford**

## Contents

Chapter 1: Authenticity Makes You Better
*Page 2*

Chapter 3: Selling Makes You Better
*Page 3*

Chapter 5: Teamwork Makes You Better
*Page 4*

Chapter 7: Transparency Makes You Better
*Page 5*

Chapter 10: Change Makes You Better
*Page 6*

## THE SUMMARY IN BRIEF

Given that continuous improvement is the key to enduring success in business and life, isn't it only fair to make every effort to strive for better every day?

The book ***Believe in Better: The Evolution of Core Principles That Pioneered an Industry*** by Damon Stafford provides a comprehensive guide on how to excel in various aspects of business through the relentless pursuit of improvement. Each chapter focuses on a different principle, offering practical advice, personal anecdotes, and cautionary tales to emphasize the importance of striving to be better.

Through a blend of personal experiences and fairy tales, Stafford illustrates how authenticity, hard work, selling skills, empathy, teamwork, decisive action, transparency, profitability, effective processes, and embracing change can lead to sustained business success. By sharing his own journey and the lessons learned along the way, Stafford encourages readers to adopt a mindset of constant growth and betterment.

## IN THIS EXECUTIVE BOOK SUMMARY:

- Learn how authenticity builds trust and strengthens relationships.
- The importance of hustling and balancing hard work with personal well-being.
- Effective selling techniques that build relationships and trust.
- The power of understanding different perspectives for better decision-making.
- The importance of having well-defined processes for consistency and efficiency.

## Introduction

This book is meant to be a practical guide for anyone looking to improve their business acumen and personal development. From the outset, I emphasize that success is not about reaching a pinnacle but about the continuous pursuit of improvement. The story of Egoton and Ambitia illustrates this perfectly: Egoton, who became complacent after achieving success, was ultimately outdone by Ambitia, who constantly sought to innovate and improve.

## Chapter 1: Authenticity Makes You Better

Authenticity is the foundation of trust and confidence in both personal and professional relationships. Authenticity builds confidence and can turn challenging situations into opportunities for trust-building.

Authenticity in business is important because it helps to build trust and credibility, differentiate from competitors, improve reputation, attract top talent, and foster employee engagement. Here are a few reflection points to make the road to believing in better, well, better:

- Building Trust: Authenticity builds trust with customers and stakeholders, creating a stronger relationship based on transparency and honesty.
- Enhancing Reputation: Authentic businesses have a more positive reputation, as they are perceived as being genuine and trustworthy.
- Differentiation: Authenticity helps businesses to differentiate themselves from competitors, as customers are drawn to unique, genuine experiences.
- Increased Loyalty: Authentic businesses often have a higher level of customer loyalty, as customers feel a personal connection to the company and its values.
- Attracting Talent: Authentic companies often have a strong employer brand, attracting top talent who are drawn to their values and culture.
- Boosting Employee Engagement: Employees are more likely to be engaged and motivated in a work environment that values authenticity and aligns with their own personal values.

## Chapter 2: Hustling Makes You Better

Hustling is about making the most of every moment and maximizing productivity. I share a story about a whirlwind trip to Las Vegas to open a new office, emphasizing the value of staying engaged and accessible despite exhaustion. Hustling is recognizing that time is the most precious resource and making every moment count. It's essential to balance professional and personal responsibilities to ensure both areas thrive. However, hustling should not come at the expense of personal well-being.

The chapter concludes with reflections on why hustling entrepreneurs tend to succeed. Increased productivity, more opportunities, and improved resilience are among the benefits. Hustling is about a consistent, lifelong commitment to creating value in every action, balanced with self-care and maintaining healthy relationships. This balance ensures long-term success and fulfillment .

There are many factors that contribute to the success of hustling entrepreneurs. Here are a few reflections from the chapter that may provide clarity on why these hardworking entrepreneurs tend to succeed:

- Increased Productivity: When people work hard and hustle, they often achieve more in less time. This increased productivity can lead to higher levels of success, as they are able to accomplish more in their businesses than their peers who may not be as dedicated.
- More Opportunities: Entrepreneurs who hustle are often more likely to create and pursue opportunities that others may not see. By working harder and putting in more effort, they may be more likely to find new ways to grow their businesses or to identify gaps in the market that others have overlooked.
- Improved Resilience: The journey of an entrepreneur is often a challenging one, filled with setbacks and obstacles. Entrepreneurs who hustle may be better equipped to handle these challenges and bounce back from failures, as they have built up a strong work ethic and a sense of resilience.
- Stronger Work Ethic: Entrepreneurs who hustle often have a strong work ethic, which can translate into other areas of their businesses. They may be more diligent about tracking their finances, more focused on customer service, or more dedicated to marketing their products or services.
- Improved Skill Set: By putting in more time and effort, entrepreneurs who hustle may also develop stronger skills in areas like sales, marketing, and customer ser-

Entrepreneurs who take a broad view of the market and consider multiple perspectives are better equipped to identify new opportunities, make informed decisions, and build strong relationships.

vice. This can lead to better results in these areas and, ultimately, greater success.

## Chapter 3: Selling Makes You Better

Selling is more than just transactions; it's about building relationships and trust. Selling involves storytelling, building trust, and creating urgency. Effective selling requires understanding the needs of your audience and offering genuine solutions. I advise entrepreneurs to use social proof, be authentic, and tailor their approach. This approach fosters long-term relationships and loyalty.

The chapter wraps up with a fairy tale about a young entrepreneur who learns the importance of selling by genuinely connecting with customers. This reinforces the idea that effective selling is about building trust and relationships, not just making transactions. Selling can significantly impact business success by fostering enduring relationships and loyalty.

Here are five tips for leveraging selling to make your business better:

- Know Your Audience: Understand the needs, preferences, and pain points of your customers to tailor your sales approach effectively.
- Build Trust: Establish credibility by being honest, transparent, and reliable. Trust is the foundation of successful sales relationships.
- Create Urgency: Use time-sensitive offers and emphasize the benefits of acting quickly to motivate customers to make decisions.
- Use Social Proof: Share testimonials, case studies, and success stories to demonstrate the value of your product or service and build credibility.
- Tell a Compelling Story: Engage customers by telling stories that resonate with their experiences and highlight how your product or service can solve their problems.

## Chapter 4: Understanding Perspective Makes You Better

Understanding different perspectives is crucial for effective decision-making and relationship-building. I share an incident where viewing a situation from a client's perspective helped resolve a major issue. This experience taught me the value of empathy and active listening. Embracing different viewpoints can lead to better outcomes and stronger relationships.

The chapter concludes with a fairy tale about a business owner who learns to see things from her customers' perspective, leading to improved business success. This reinforces the message that understanding different perspectives is key to effective decision-making and building strong relationships. Leaders are encouraged to foster a culture of empathy and inclusivity, valuing diverse perspectives to enhance decision-making and team cohesion.

In business, perspective is a key driver of success. Entrepreneurs who take a broad view of the market and consider multiple perspectives are better equipped to identify new opportunities, make informed decisions, and build strong relationships with their employees, customers, and other stakeholders. By valuing diversity and practicing empathy, entrepreneurs can build a more sustainable business that is better equipped to weather challenges and adapt to changing circumstances. Here are five tips on how perspective can make entrepreneurs better in business:

- See Things from the Customer's Perspective: People who take the time to understand their customers' needs and wants can create products and services that solve problems, therefore creating tangible value and leading to increased customer satisfaction and loyalty. Understanding the perspective of the customer can also help entrepreneurs create more effective returns on investments and develop stronger relationships with their target audience.
- Take a Holistic View: It's important to consider the broader impact of their business, not just the bottom line. Taking a holistic view means considering

the social, environmental, and economic impact of their business and making decisions that benefit all stakeholders. This perspective can help build a more sustainable and resilient business over the long term.

- Embrace Diversity: Entrepreneurs who value diversity and seek out diverse perspectives can benefit from a wider range of ideas and insights. This can lead to more creative solutions to problems, more effective marketing strategies, and a stronger understanding of different customer segments. Embracing diversity can also create a more inclusive workplace culture, which can attract and retain top talent.
- Force Long-Term Thinking: Entrepreneurs who take a long-term perspective are better able to anticipate future challenges and opportunities. By focusing on the big picture, they can make decisions that create sustainable growth and build resilience against economic downturns or other challenges. A long-term perspective can also help entrepreneurs build a strong reputation and brand identity over time.
- Practice Empathy: Entrepreneurs who practice empathy are better able to understand the needs and motivations of their employees, customers, and other stakeholders. By putting themselves in others' shoes, they can build stronger relationships and create a more positive work environment. Empathy can also help develop more effective leadership skills and inspire loyalty and commitment from their team.

## Chapter 5: Teamwork Makes You Better

Teamwork is essential for achieving business success. This chapter highlights the importance of collaboration, mutual support, and shared vision. Effective teamwork requires clear communication, mutual respect, and recognizing the strengths of each team member. Leaders are advised to create an environment where teamwork is encouraged and valued. This involves fostering a culture of collaboration, where every team member feels valued and empowered to contribute. Teamwork enhances productivity and creates a supportive, positive work environment.

The chapter wraps up with a fairy tale about a group of animals who learn the importance of teamwork to overcome a challenge. This tale reinforces the idea that effective teamwork can lead to remarkable achievements and business success.

Teamwork in business is essential as it enables individuals to pool their diverse talents and resources to achieve a common goal. Collaboration among team members encourages creativity, innovation, and better decision-making. Teamwork promotes effective communication and a sense of accountability, ensuring that each team member is responsible for their assigned tasks and contributes to the team's success. Here are a few tips on why teamwork in business is critical:

- Diverse Skills and Expertise: Each member of a team brings different skills, knowledge, and experience to the table. By working together, the team can combine their diverse strengths to accomplish goals and solve problems that would be impossible to achieve alone.
- Improved Communication: Working in a team allows for open communication, where ideas can be shared, and feedback can be given in a safe and constructive environment. This results in better decision-making and a more efficient work process.
- Increased Creativity: When working in a team, members can bounce ideas off one another, sparking creativity and innovation. This can lead to new ideas and solutions that would not have been possible without collaboration.
- Higher Motivation and Accountability: Teamwork encourages members to support and motivate one another, leading to higher job satisfaction and productivity. In addition, working in a team creates a sense of accountability, as each member is responsible for their assigned tasks and contributing to the team's success.
- More Efficient Use of Resources: By working together, a team can share resources and distribute tasks, resulting in a more efficient use of time and money, allowing you to invest in taking your resources to the next level.

## Chapter 6: Taking Action Makes You Better

Taking decisive action is critical for success. This chapter discusses the importance of being proactive and making bold decisions. I recount a significant decision to take my company to market, highlighting the risks and rewards of such actions. Inaction guarantees failure, while proactive decision-making can drive innovation and growth.

Proactive decision-making can drive innovation and growth, while hesitation and inaction can lead to missed opportunities. The chapter concludes with a fairy tale about a business owner who learns the importance of taking action

to achieve success. This story reinforces that decisive action is essential for driving growth and achieving goals.

Here are some strategies and best practices to navigate the complexities of taking action while mitigating its associated risks:

- Build Trust: Be open, honest, and forthcoming to establish trust with your team, clients, and stakeholders.
- Foster Loyalty: Transparency creates loyalty as people appreciate the authenticity and integrity it represents.
- Cultivate Commitment: When you're transparent about goals, challenges, and decision-making, you inspire commitment from your team and stakeholders.
- Prioritize Communication: Develop strong communication skills to deliver transparency with charisma and engage your audience effectively.
- Create a Culture of Openness: Encourage transparency as a core value, and create an environment where honesty and open dialogue are celebrated.
- Embrace the Freedom: Let go of guilt and uncertainty by being transparent, allowing you to focus on what truly matters.
- Lead by Example: Be transparent yourself, and set the tone for transparency in your company.
- Be Receptive to Feedback: Encourage open feedback, and actively listen to create a culture of trust and collaboration.
- Make Transparency a Competitive Advantage: Stand out from the crowd by embracing transparency as a differentiating factor in your industry.
- Believe in the Power of Transparency: Let go of skepticism, and embrace transparency as a transformative force that can make your company better.

## Chapter 7: Transparency Makes You Better

Transparency is a cornerstone of trust and credibility. This chapter discusses the value of honesty and openness in building strong relationships. Personal experiences highlight how transparency helped salvage challenging situations. Being transparent about challenges and mistakes fosters trust and strengthens relationships with clients, employees, and partners. Leaders are advised to embrace transparency and create a culture where honesty is valued and practiced. This approach builds trust, encourages accountability, and fosters continuous improvement. The chapter wraps up with a fairy tale about a business owner who learns the importance of transparency in building trust with customers, reinforcing that honesty and openness are key to strong relationships and success.

As businesses navigate the landscape of the twenty-first century, transparency has become an essential attribute for success. However, just like freedom, transparency comes at a cost. Here are some strategies and best practices to navigate the complexities of transparency while mitigating its associated tax:

- Build Trust: Be open, honest, and forthcoming to establish trust with your team, clients, and stakeholders.
- Foster Loyalty: Transparency creates loyalty as people appreciate the authenticity and integrity it represents.
- Cultivate Commitment: When you're transparent about goals, challenges, and decision-making, you inspire commitment from your team and stakeholders.
- Prioritize Communication: Develop strong communication skills to deliver transparency with charisma and engage your audience effectively.
- Create a Culture of Openness: Encourage transparency as a core value, and create an environment where honesty and open dialogue are celebrated.
- Embrace the Freedom: Let go of guilt and uncertainty by being transparent, allowing you to focus on what truly matters.
- Lead by Example: Be transparent yourself, and set the tone for transparency in your company.
- Be Receptive to Feedback: Encourage open feedback, and actively listen to create a culture of trust and collaboration.

- Make Transparency a Competitive Advantage: Stand out from the crowd by embracing transparency as a differentiating factor in your industry.
- Believe in the Power of Transparency: Let go of skepticism, and embrace transparency as a transformative force that can make your company better.

## Chapter 8: Driving Profitability Makes You Better

Profitability is essential for business sustainability and growth. This chapter discusses the importance of maintaining profitability while staying true to values. Profitability provides resources needed for innovation and expansion. A story about balancing profitability with passion and satisfaction underscores this principle. Leaders are advised to value their unique selling propositions, balance customer feedback, and continuously seek ways to improve profitability. The chapter concludes with a fairy tale about an entrepreneur who learns the importance of balancing profitability with passion and satisfaction, reinforcing that profitability is essential for sustainable growth and success.

Here are some key takeaways on how driving profitability can make your business better:

- Value Your Unique Selling Propositions: Focus on what makes your business unique and leverage those strengths to attract and retain customers.
- Balance Customer Feedback: Listen to your customers and make improvements based on their feedback while maintaining a balance with your business goals and values.
- Turn Challenges into Opportunities: View challenges as opportunities for growth and innovation, using them to drive improvements and profitability.
- Focus on Sustainable Growth: Pursue profitability alongside passion and satisfaction to create a sustainable and fulfilling business model.
- Invest in Innovation: Use the resources generated from profitability to invest in innovation and expand your business offerings.

## Chapter 9: Process Makes You Better

Effective processes are crucial for achieving consistency and efficiency. This chapter highlights the importance of well-defined processes. Examples from my business show how implementing robust processes led to significant improvements. Processes help reduce errors, improve productivity, and ensure consistent results.

Effective processes provide a solid foundation for business growth and success. The chapter wraps up with a fairy tale about a business owner who learns the importance of having effective processes to achieve success, reinforcing that well-defined processes are essential for growth and consistent results.

Here are some key takeaways on how effective processes can make your business better:

- Improve Efficiency: Well-defined processes streamline operations, reduce errors, and enhance productivity.
- Ensure Consistency: Processes ensure consistent results, maintaining high standards across all aspects of your business.
- Adapt to Change: Continuously refine and adapt your processes to changing circumstances to stay competitive and meet evolving customer needs.
- Enhance Customer Satisfaction: Structured processes improve communication and service delivery, leading to higher customer satisfaction.
- Foster Innovation: Efficient processes free up resources and time, allowing you to invest in innovation and growth opportunities.

## Chapter 10: Change Makes You Better

Embracing change is vital for staying competitive and relevant. This chapter discusses how adapting to new circumstances has been key to my company's success. Stories of navigating significant changes emphasize the importance of flexibility and innovation. Change should be viewed as an opportunity for improvement rather than a threat.

The chapter concludes with a fairy tale about a business owner who learns the importance of embracing change to achieve success, reinforcing that adapting to change is key to staying competitive and achieving goals. By embracing change and viewing it as an ally rather than an obstacle, you can unlock new possibilities, stay ahead of the curve, and continuously evolve your business for greater success. Here are some key takeaways on how change makes your business better:

- Embrace Change as a Catalyst for Growth: Change is not something to fear but rather an opportunity to grow

and improve. It opens doors to new ideas, strategies, and perspectives that can propel your business forward.

- Adaptability Is Key: In a rapidly evolving business landscape, adaptability is crucial. Being open to change allows you to stay ahead of the curve, meet customer needs, and seize emerging opportunities.
- Continuous Innovation Drives Success: Innovation is the lifeblood of business success. Embracing change fosters a culture of innovation, enabling you to develop new products, services, and processes that keep you relevant and competitive.
- Don't Fear Failure: Change often comes with risks, and setbacks may occur along the way. However, failure is an essential part of the learning process. Embrace it as an opportunity for growth, refine your approach, and keep pushing forward.
- Challenge the Status Quo: By questioning existing practices and seeking new solutions, you can challenge the status quo within your industry. Breakthroughs happen when you dare to challenge conventional wisdom and explore uncharted territory.
- Stay Customer-Centric: Change allows you to better understand and serve your customers. By adapting to their evolving needs and preferences, you can build stronger relationships, enhance customer satisfaction, and drive loyalty.
- Foster a Culture of Change: Change is not a one-time event but an ongoing process. Encourage your team to embrace change and be proactive in seeking opportunities for improvement. Cultivate a culture that values continuous learning, adaptability, and resilience.
- Balance Consistency and Innovation: While change is important, it's also essential to maintain consistency in your core values and brand identity. Find the right balance between preserving what makes your business successful and embracing innovation.
- Seek Feedback and Collaboration: Engage with your team, customers, and stakeholders to gain valuable insights and perspectives. Actively seek feedback, collaborate with others, and be open to their ideas. Together, you can drive positive change and achieve greater success.
- Personal Growth Drives Business Growth: Finally, remember that change isn't just about business outcomes but personal growth as well. Embrace change as an opportunity to learn, develop new skills, and become a better leader. Your personal growth will ultimately contribute to the growth and success of your business.

## Conclusion

Success is about consistently striving to improve. The final fairy tale encapsulates the book's key messages, reminding readers that they are the authors of their own stories. By committing to the principles discussed in the book, anyone can embark on a journey of continuous improvement and achieve lasting success.



As CEO of Alpine Intel, **Damon Stafford** is responsible for creating strategic direction, executing growth initiatives, and overseeing the executive management team. He leads the organization with his passion for building scalable, profitable growth through a combination of people, software development, and process automation. He is the founder of market leaders in the property claims space, HVACi, StrikeCheck, and CCG IQ. Damon's leadership skills has guided the company through seven merger and acquisition transactions.

***Believe in Better: The Evolution of Core Principles That Pioneered an Industry*** by Damon Stafford. Copyright 2024 by Damon Stafford. Summarized by permission of the publisher, Forbes Books. ISBN 979-8887501468. Summary published by Soundview Executive Book Summaries. Copyright 2024 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 46SS012A

· Book 11 of 67 ·

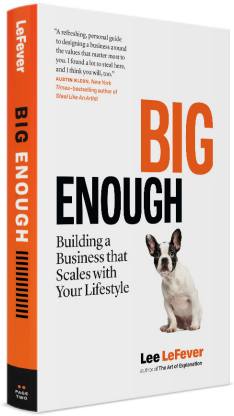
# Big Enough

Lee Lefever

soundview
Executive Book Summaries®

# Big Enough

## Building a Business that Scales with Your Lifestyle




*by* **Lee Lefever**

## Contents

Introduction
*Page 2*

Return on Luck
*Page 2*

The Business of Permission
*Page 2*

A Platform of One's Own
*Page 3*

Success through Failure
*Page 3*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

Read almost any business book or guide to entrepreneurship, and almost every bit of advice and guidance will be dedicated to how to grow and expand your business. They all assume that every person has a desire for infinite growth. But what about people for whom an infinitely growing business would actually decrease their quality of life and go beyond their personal goals? For those who have ambition but don't aspire to create a massive enterprise

In his book ***Big Enough***, author Lee LeFever advises readers to identify exactly how big is big enough when it comes to their businesses. LeFever's book helps readers build scalable, product-based businesses that don't consume their lives but actually help contribute to increased quality of life and work-life balance. It will give you the insights into business, technology, innovation, and even the science of happiness to help redefine the meaning of success in your life.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to recognize when your business is 'big enough' to match the vision you have for your life.
- How to set priorities, make key business decisions, and identify which pursuits are worth your time.
- How to break free from society and the business world's idea of what success is supposed to look like.
- How to establish a set of values that will serve as your guiding light through all your personal and business decisions.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • May 2021 • Order #43SS05A
Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

There are few rules when it comes to objectively evaluating success in a business. Success comes from running a business that matches the person you are or want to become. By connecting your values to your business, you can create the lifestyle and level of satisfaction that works for you. There's a healthier approach to business that's focused on being lightweight and agile, with the potential to scale easily.

The lessons of this approach are universal. Keep that in mind as you read, because you are an individual with your own values and skills. You are not a conduit to make a venture capitalist wealthier or a cog in a lifeless machine. You have a choice in how your business impacts your life. Your path to success may be different from someone else's, and that's the point. What matters is the intention to think ahead and design a business that works for you and the life you want to lead. You might find there is beauty and value in building a business that's just "Big Enough."

### More Hours, More Money

Quitting your job and starting a business can be stressful. Find an outlet that keeps you engaged in your work, even if it doesn't produce direct income. Productivity can take many forms, including blogging, podcasting, or creating videos.

If possible, ask for help in starting your business. In the US, for instance, a spouse or partner may be able to provide health insurance. A friend or family member may be able to help with your initial expenses or even offer a used office desk. A bank may be able to loan you enough to get you through the first few months.

Your chances of success increase significantly when you are passionate about your work. Pay attention to what gets you excited and engaged. Is there a subject you can't stop talking about? Keep your options open and understand business model basics. You may start with services, and then see the potential of products. Try to remain flexible enough to evolve and avoid traps.

## Return on Luck

If luck shines on you, be prepared to seize it and run with it. Attention is a powerful asset. Experiment with ways to earn attention and be ready to convert it into a business opportunity. Look for opportunities to create something useful and solve a problem. Quick income schemes come and go. Utility endures.

If you're sharing something publicly, be sure to brand it. You never know when an event or person will come along and pluck your work out of obscurity. Improvement happens incrementally. Rather than trying to solve all the problems, fix what sucks most and try again. Be yourself, even if it means looking like an amateur for a while. A lack of polish can make your work relatable and unique.

### Work for Hire

Circumstance is an amazing teacher. Get started quickly and solve problems as they arise so you're not wasting time or worrying unnecessarily. You get what you ask for. If you are hired to create something, look for ways to make your brand part of experience. If you have solved a problem, share it. Reach out to companies and people who might be interested in your solution and offer your work for free. Sharing your passion can open doors.

When considering a new opportunity, ask "what if it works?" This simple question will help you anticipate the long-term effects of a decision. Forming relationships with competitors may be fruitful. Be open to finding ways to work with them to grow the market for your business.

### Choice as a Shareholder Value

Small business owners are often the only shareholders. Once the company is profitable, consider what values the company can produce. What shareholder values matter to you?

Happiness and satisfaction matter, and money is not the only way to achieve it. In fact, at a certain point, money comes with diminishing returns. Ask yourself what drives satisfaction in your life and how your business can promote it. Success is often demonstrated through the acquisition of material things like cars, vacation homes, and fancy clothing. This kind of visible success is not required and may not be a path to happiness. Time is the new wealth. Starting today, you can decide to make it grow.

## The Business of Permission

Owning the copyright to your work is easy to take for granted. Think of it as an exclusive right to make (and sell) copies of what you create. Register your copyrighted works.

The people who are interested in your work are a source of innovation and opportunity. Listen to them and ask them what they want or need. Licensing is the business of permission. In essence, it means selling permission to use your intel-

lectual property. When it works, it can create passive income.

Pursuing a 'business idea' isn't enough. To stay engaged for the long term, it's important for you to care about the business and its customers. Choose wisely. Be prepared to pivot. Just because a business model works doesn't mean it's the only path. Keep your options open and look for models that align with your values.

### Designing for the Future

Design for the long-term. Take time to consider how a decision today might look in five years. If your model takes time, be prepared to weather the storm by reducing expenses. Relationships matter. Whether you're a married couple or business partners, personal relationships can impact the business. Be sure you and your partner share the same vision and values.

It's okay to be small. Small businesses can be agile and scrappy. And today, through online opportunities, small businesses can scale. But it's not enough to plan a new path. At some point you need to take the plunge. If you're in agreement, set a date and make it happen.

Change is easier while working within constraints. Make a list that represents what your business is and, crucially, what it isn't. This list becomes a guide for decision-making by creating rules that must not be broken. Decisions don't have to be binary. Choosing a new path might mean easing into and out of new directions. If you stay focused on the end goal, it can be an evolution.

## A Platform of One's Own

The sources of your initial success may not sustain you. Be prepared to find new ways to reach customers. Be aware of platform risk. If you build your empire on someone else's property, their decisions can impact or even destroy your business.

Make your website the home of your business. There is no replacement for owning and being in absolute control of such an important resource. Traffic from search is powerful and free. Be skeptical of experts with big promises. What matters more than anything is creating quality content that attracts and engages people.

If your day-to-day emotions are being driven by data, consider taking a longer view. Focus less on data points, such as the number of likes, and more on trends. Adjust how you evaluate success. A small business can be successful with a small group of dedicated customers. Holding on to existing customers is easier and more cost effective than acquiring new ones. If subscriptions are working, identify incentives to keep customers renewing.

### Live the Monetorium

Attaining the lifestyle you want isn't simply a matter of more income. It can also relate to how you spend that income. Once your needs are met, consider the role more income plays in your life. How can you use it to increase your autonomy, independence, and agility? The trick is not minding that it hurts. There is satisfaction to be found in sacrifice and hard work. Banishing these things from your life may seem like a reward; instead, consider them a way to become more resilient.

Question what you consider to be 'the good life.' By experimenting with new lifestyle approaches, you may be able to rewire your values and find happiness in simpler things.

Finally, remember that about half of your happiness is biological and can't be changed. About 40% is based on your decisions.

### Turning Copycats into Customers

If you have expertise, there may be business opportunities in helping others learn how to do what you do. In sharing your knowledge, it may seem that you're creating competition. Don't let this stop you. Lawyers are expensive. Educating people about how to use your work can be more productive than sending cease and desist letters.

Look for byproducts that come from your work. Are you creating something as part of a bigger project that could have value on its own? Rather than creating new brands and domains, consider building on something you've already established.

## Success through Failure

If you're not failing, you're not trying hard enough. No business is immune to failure and it can happen quickly when markets change. Stay focused on the big picture of your industry. When change happens, be prepared to evolve. Most business ideas fail in one form or another. Get used to seeing failure as a necessary element of success. Accept the challenge and keep hope alive.

Building new things is fun and exciting, but it can also be wasteful. Don't get distracted. Stay focused on your core

offering. When you see change happening, don't assume it's a threat. Be open to reaching out to potential partners and creating new relationships that extend your reach.

### The Power Not to Care

Not every business has to grow and conquer. It is possible to design a business to be small and achieve power through autonomy. This new form of business comes with different measures of success that are based more on lifestyle and flexibility than brimming bank accounts and jam-packed schedules.

A company that's "Big Enough" by your standards may not earn respect from other entrepreneurs who don't get it. Forget about them. You're playing a different game with different outcomes. The expectations of the business world and society can feel overwhelming. There is constant pressure to do what you're supposed to do and run a business the way it's supposed to be run. Learn to ignore it.

Designing a business to support the lifestyle you want comes with trade-offs and sacrifices. Hard work, long timelines, and an acceptance of risk may be required. There are no shortcuts.

### Define "Big Enough" for Yourself

Sometimes setting limits is the best way to expand your capabilities. Here are some recommended limitations to leave you with that can lead to massive benefits.

**Personal**

- Limit social activities to two nights per week
- Reserve one evening a week for a passion project
- Plan for regular family time
- Reduce spending on specific activities like dining out
- Consider new jobs only within a twenty-minute commute
- Request to work from home when possible

**Business**

- Limit product lines
- Focus on limited and specific markets
- Cap the number of concurrent customers
- Reserve windows of time for specific projects
- Choose not to take outside investment money
- Limit working weeks to forty hours and make them flexible
- Reduce number of meetings
- No work on Fridays

## Conclusion

Again, the idea of ***Big Enough*** is not about rules and strategies is not about rules and strategies as much as perspective. Everyone is different, and your list may look different than this one. With values as your guide, you can start to consider what it would take to live a different lifestyle that reflects the person you want to become.



Lee LeFever is the co-founder of Common Craft and author of *The Art of Explanation.* Since 2007, Common Craft has won numerous awards, worked with respected brands like LEGO, Google, Intel and Ford, and created original explainer videos that have earned over 50 million online video views. Today, Common Craft produces educational guides, ready-made videos and digital visuals that are used by educators in over 50 countries. Lee and his partner Sachi are Common Craft's only employees and work from their home off the coast of Washington State.

***Big Enough: Building a Business that Scales with Your Lifestyle*** by Lee Lefever. © 2020 by Lee Lefever. Summarized by permission of the author, Lee Lefever, produced by Page Two Books. 176 pages, ISBN 978-1989603185. Summary copyright © 2021 by Soundview Book Summaries ®

· Book 12 of 67 ·

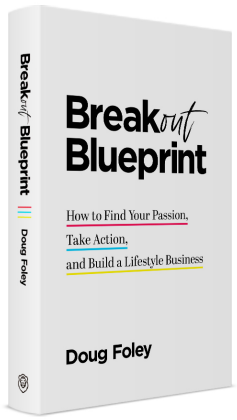
# Breakout Blueprint

Doug Foley

soundview
Executive Book Summaries®

# Breakout Blueprint

## How to Find Your Passion, Take Action, and Build a Lifestyle Business




*by* **Doug Foley**

## Contents

Introduction
*Page 2*

Expertise
*Page 3*

Need
*Page 3*

Value
*Page 3*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

If you are interested in this book, it's likely you want out of the typical 9-to-5, you are fed up with trying to balance home life with doing your job, or you want some additional income to enjoy more of what life offers. In any case, you want to take control of your life.

Author and entrepreneur, Doug Foley, interviewed over 120 entrepreneurs and is convinced there is more opportunity now than at any other time in human history to create the life you want. Neither your background, your socioeconomic status, nor your education have anything to do with your future.

***Breakout Blueprint*** offers the mindset and tools you need to start building the life you were meant to live. It will give you the path to creating more time for yourself, for your family, and for doing the things you love. If you're looking to make your business and job work for you (rather than the other way around), then you're probably looking at building a lifestyle business. This is what the *Breakout Blueprint* will help you do.

## IN THIS SUMMARY, YOU WILL LEARN:

- The difference between happiness and fulfillment.
- How to recognize your zone of genius.
- To identify which of your skills the market needs.
- Valuable solutions are well-compensated.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • April 2021 • Order #43SS04B
Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

Your Golden Purpose is "the intersection of 'the thing you're best at,' 'the thing you love,' and 'something the world values.'" It is possible for us to find jobs or build businesses around what we love, and it's what we're meant to do.

***Breakout Blueprint*** sums up that purpose in this way: (Passion + Expertise) × (Need + Value). The greater each element is for you, the greater the impact you can make on the world and the more freedom and fulfillment you will find.

### Beginning With What Really Matters

After graduating college, I was focused on one thing: making as much money as I could. I was fortunate enough to land a sales job right out of college and began to accumulate a substantial commission well over $75,000. At twenty-three and right out of school, that was a lot of money. Living well outside my means in the expectation of receiving my commission, I accumulated credit card debt, bought a car I couldn't afford, and took vacations on borrowed money. Then 2008 came and, like many others, the company I was working for went bankrupt. My commission vanished overnight.

I was left with a mountain of debt and no way to pay it off. I had borrowed from the future and now it was time to pay up. I went from aspirations of wealth to desperation and survival. I borrowed more to try and keep up appearances, only to dig a deeper hole. I began to pursue "side hustle" after "side hustle" in search of becoming an overnight millionaire. I learned the truth the hard way: there is no such thing as an overnight millionaire.

After a handful of false starts, things turned in a conversation with a good friend about online marketing. I realized I had been chasing the wrong thing. My friend and his future wife were struggling to find leads as real estate agents and needed help.

Fortunately, those three years of side-hustle struggle taught me a lot about marketing online. I offered them a few ideas, and they said, "Can we pay you to help us?" I quickly said yes and gave them a quote on the spot. "$375," I said. "I'll do everything for you! SEO, build a website, manage your ads—I can do it all."

It wasn't about me! It was about how I could use my knowledge to make an impact on their business. And as my agency grew, I quickly realized that the more value I could provide, the bigger the impact I could make, and the more people would be willing to pay. It was all about value and outcomes.

### Passion

Foley asks each of his podcast guests the same question at the end of each episode of The Happiness of Pursuit: "What is one lesson or story you can share with the listeners to inspire them to find happiness in their pursuits?" One successful guest blew him away with his answer, "A chocolate bar will make you happy temporarily. What I think you're really asking me is, how do you find fulfillment?" Understanding the difference between happiness and fulfillment is key to understanding passion.

### Why Does Passion Matter?

Why would you spend fifty years earning money, only to truly live for the last twenty to thirty years? Why not live every day of your life? Most of you have spent your careers living for weekends, vacations, and the hope that when you retire you can begin to "enjoy life."

If someone told you that you were going to watch a movie that's a hundred minutes long and the first fifteen minutes and last fifteen minutes were good, but the seventy minutes in the middle were the same scene over and over, chances are you'd never want to watch that movie. Yet, that's the way we live our lives.

We should be waking up excited to live, to do something meaningful and valuable to the world. When you make the shift from a job that pays the bills to something you are passionate about, it will change how your brain functions and how you choose to work. This is why passion is the first piece of the Breakout Blueprint.

### The Difference Between Happiness and Fulfillment

Early in Jeff Hoffman's career, he had dreamed of visiting every country in the world, but it seemed as if that dream wasn't happening. One day, he was in the elevator of his office building, headed to the fourth floor where he worked. One of his friends from work got into the elevator and proceeded to push the sixth-floor button. When Jeff got to his desk, he realized he had yet to go up to the sixth floor to visit his friend. This was his wake-up call. He thought: "If I can't even get to the sixth floor to see my friend, how am I going to see the world?" The incident fueled his determination.

Jeff became so intent on seeing the world that it became the

centerpiece of many of his businesses. He helped launch Priceline.com. He invented the technology that allows you to print boarding passes at the airport. He founded "Unreasonable at Sea," a philanthropic group that sends a cruise ship of millennials to observe and solve problems around the globe. Jeff's passion is travel. He was able to channel his passion into his businesses. Travel gave him fulfillment—it wasn't a hobby or a quick win.

Jeff could have settled for life as a travel agent and likely found a way to visit every country in the world, but instead he used his passion to fuel a business that changed lives, provided fulfillment, and enabled him to travel the world as a guest of world leaders.

## Expertise

The "zone of genius" is the intersection of your passion and expertise, where you operate in a flow that capitalizes on your innate abilities and your application of knowledge. So, the question is: What are you great at and what are you willing to go all in to get better at?

### Finding Your Expertise

The first step is to call, text, or email at least ten people and ask, "What is the one thing in the world you think I'm best at?" This is simple and will give you a starting point. Reach out to past mentors. Then, put yourself in a position to learn from true masters of the craft you desire to learn. Look for jobs that give opportunities to learn and hone your "zone of genius."

When you combine your passion, knowledge, and skillset with that thirst for mastery, you have the foundation for a fulfilling and rewarding business that will provide so much value, customers will be begging to work with you.

## Need

The next part combines Need and Value. Is there demand for your services in the market? Can you sell your product and skills? How do you identify which of your skills the market needs?

### Reverse Engineering

Reverse engineer your business by finding the most painful problems in a particular industry or sector and then use your expertise to find unique solutions. In other words, find the problems you can solve. If you understand the problems you can solve and the audience who values your solutions, you have the potential to build a profitable business. So, how do you find the right problem? In most cases, you need to scratch your own itch. Find the problems that you recently solved for yourself, and ask, "Would someone else be willing to pay for that?"

Identifying what the market needs and building a product or service that fills that need is the single easiest way to create a lifestyle business that lasts and scales.

### Study the Market

Pay close attention to your potential competitors. Browse through their websites and look at the products and services they offer. More often than not, it is easier to build a better mousetrap than to start from scratch. Do not look at competition as a bad thing. It is a sign of a need in the market.

Identifying what the market needs and building a product or service that fills that need is the single easiest way to create a lifestyle business that lasts and scales.

## Value

A kid who cuts grass in the summer doesn't need a website or business cards to launch the business—they just need to know people with long grass and to have the courage to ask if they can cut it. The more valuable your solution is, the more money your clients will be willing to pay.

### Choosing a Lifestyle Business

When it comes to building a lifestyle business, it is much easier to create time and financial freedom by monetizing your expertise than it is to build out a product-based business.

The primary lifestyle businesses are online training, in-person training or services, skills specific freelance gigs, and coaching/consulting.

The gig economy has benefits for both parties. From a business owner's perspective, the money that would have been a full-time specialist's salary can be redirected to another job or project. And the freelancer likely gets paid more per hour than they would if they were an employee.

Consulting used to be considered the place where "careers go to die." But as companies and industries have evolved, there has been a growing need for true experts who understand complex problems. As with creative freelancers, it is often more beneficial for companies to outsource this

need than to hire someone full-time. The biggest difference between freelancers and consultants/coaches has to do with outcome. With freelancers, companies are usually hiring for a specific skill that relates to a project, whereas they hire a coach or consultant for their expertise and strategic vision. The challenge is aligning your unique talents and expertise to the problems your market has and having the courage to ask for compensation.

### Building It Out

Traditional business advice calls for a complete business plan before starting. However, it is much faster to test before you invest. Simply put, before you put the time, money, and effort into building a business, find your first customer. Until you have a paying customer, all you have is an idea.

### Product or Service?

Product-related businesses have their place, but they aren't likely to become lifestyle businesses simply because they require too much work and structure. Service-based businesses, on the other hand, require a lot less labor and often lean on the expertise an individual has to offer.

In most cases, these are run by consultants, or solopreneurs. Service-based businesses are taking up an increasingly large proportion of the workforce as we transition to the "gig economy" and see an increase in skilled trades (the ultimate version of service-based businesses).

This is the key here: identifying a problem that you can step in and solve. And if you can solve it and be paid for it, you may have a business. This will be our first test to see if your business has legs.

## Conclusion

Growing a business takes a lot more than just your skillset. It takes a ton of time, patience, and stamina. It will test your willpower, your relationships, and your sanity. And at some point, you are going to have to make some tough decisions and some hard sacrifices.

It is in the journey of life, and in doing the things that we love, that we find lasting happiness and fulfillment. If you're constantly chasing it, you will never be present enough to find it or enjoy it. As Benjamin Mee said in *We Bought a Zoo*, "You know, sometimes all you need is twenty seconds of insane courage. Just literally twenty seconds of just embarrassing bravery. And I promise you, something great will come of it."



Doug Foley is a media entrepreneur, podcast host, and digital pioneer who is known for pushing the boundaries of digital platforms to create unique solutions that drive growth. He's an innovator with a drive and a passion for helping others thrive, succeed, and think outside the box. As the host of the hit podcast The Happiness of Pursuit, he teaches listeners how ordinary people followed their passions to create extraordinary lives. He launched two six-figure agencies in less than 18 months, and he's now using that experience to help others find fulfillment through a lifestyle business.

***Breakout Blueprint: How to Find Your Passion, Take Action, and Build a Lifestyle Business*** by Doug Foley. © 2020 by Doug Foley. Summarized by permission of the publisher, Lioncrest Publishing.. 158 pages, ISBN 978-1544515502. Summary copyright © 2021 by Soundview Book Summaries ®

· Book 13 of 67 ·

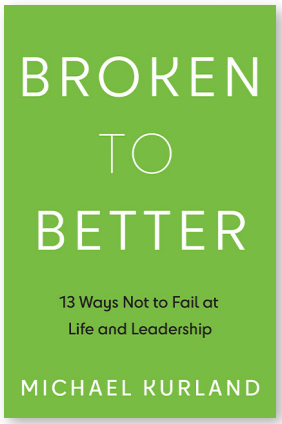
# Broken to Better

Michael Kurland

soundview Executive Book Summaries®

# Broken to Better

## 13 Ways Not to Fail at Life and Leadership




*by* **Michael Kurland**

**Contents**

Introduction
*Page 2*

1. Be Connected
*Page 2*

5. Be Future-Driven
*Page 3*

13. Be Better
*Page 4*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

Being a business owner is not for the faint of heart. It takes a firm resolve, the ability to persevere and pivot during challenging times, the humility to admit mistakes, and empathy for the people around you. Understanding who you are is critical to that journey.

In ***Broken to Better: 13 Ways Not to Fail at Life and Leadership,*** CEO of Branded Group Michael Kurland candidly shares every step of his own entrepreneurial odyssey—selling everything he owned, driving across the country to launch his new business, and ultimately building a purpose-driven culture that aligns purpose with profit.Along the way, Kurland distills a lifetime of experience down to its purest essence. From key principles of organizational strength to the secrets of profitability and growth, Broken to Better offers up all his triumphs and mistakes in the same spirit of perseverance, fearlessness, empathy, and gratitude.

## IN THIS SUMMARY, YOU WILL LEARN:

- 13 principles that will inform and inspire you to Be Better in all aspects of your life.
- How to invest time and effort into your company's culture.
- How to create a work environment that's welcoming, nurturing, and empowering.
- How to lead with emotional intelligence.
- How to approach each day with gratitude and the Be Better mantra.

## Introduction

Being a business owner is not for the faint of heart. At a minimum, it takes a person with a firm resolve, the ability to persevere and pivot during challenging times, the humility to admit mistakes, and empathy for the people around them. Self-reflection should come long before setting pen to paper for a business plan. Understanding who you are is critical to being a leader who seeks to align purpose with profit.

This book is for business leaders who are seeking to Be Better in their company, for their employees, clients, and community. Putting time and effort into your company's culture is an investment that will reap rewards for years. Creating a work environment that is welcoming, nurturing, and empowering will keep your team engaged and ready to service your clients with excellence.

This book consists of 13 principles that will inform and inspire you to Be Better in all aspects of your life—to be a better CEO, manager, employee, friend, coworker, or whatever shoes you fill. If you walk away from reading this book with only one lesson, it is to lead with emotional intelligence.

## 1. Be Connected

To launch and grow a business, you're going to need help—a lot of help. If you think you can do it on your own, you will quickly learn that is a recipe for feeling frustrated and overwhelmed. Unless you're a young kid, it's likely you know hundreds, if not thousands, of people. Be connected. Each of them has or will have something to offer at some point in your journey.

Even if you plan to be a solopreneur, you need to have an internal "board of directors" that includes, at minimum, a lawyer, a banker, an accountant, and a trusted friend or colleague. These advisors can help you get through the myriad of tasks that will get your business off the ground and help it grow through its various stages.

This chapter covers practical tips on how to Be Connected and expand your network. From showing up well to communicating and listening, knowing what you want, expanding your horizons, and diving into digital connections, you'll learn everything you need to know to speak up, become a thought leader, guard your reputation, and be prepared to fail.

## 2. Be Teachable

There are so many tasks you have to do when you start a business, and most of the time, you don't know what you don't know. Having an experienced business owner, a mentor who can offer advice in these areas can jumpstart the initial stages of your business. Once you get past the startup phase, mentors can help with things like hiring, deciding if you should use cash or accrual accounting systems, or even figuring out payroll and payables.

Being teachable will help you avoid many common mistakes made by new business owners. I'd recommend having two to three mentors. More than that and you will be overwhelmed with all of the ideas and advice you'll receive.

The practical tips in this chapter on how to Be Teachable show you how to find your perfect match, be open-minded, gather and prioritize questions, find mentors with complementary skills, understand your responsibilities, and expect change.

## 3. Be Fearless

Fear of failure can be a great motivator. When you decide to start a new business or expand an existing one, it can be scary—especially if you have never done it. You have to check your fear at the door; you have to be fearless. Being informed so you can make good decisions is just as important as not letting your fear get in the way.

This chapter walks you through the tips you need to Be Fearless when launching your business. It starts off by explaining the importance of knowing who you are and determining your "why." Then it shows you how to fill a gap in the marketplace, develop a business plan, and secure funding for your business. Finally, you'll learn how to let go of your ego and evaluate your relationship with money.

## 4. Be People-Centric

As a new entrepreneur, you will hire people who will simply help you get the work done at first. However, eventually, the primary tasks of each position will need to be identified so that you attract and retain the best talent.

Creating future leaders begins with hiring the right person for the job. You can teach almost anyone the job-related skills needed to be successful in a role. However, other skills such as the ability to be a team player and to step in when

the need arises are part of a person's DNA, rather than a bullet point on their resume.

Creating an inclusive culture includes being able to recognize the strengths and talents of your team. Inclusivity means ensuring every voice in your organization is heard and everyone has equal opportunities to advance.

From analyzing how you're spending your time to identifying the company's goals and defining the skills you need for your business, this chapter covers all the practical tips you need to Be Inclusive to build a diverse team. You'll learn how to ask the right questions, evaluate your interviewing skills, refine your onboarding process, and invest in your employees.

## 5. Be Future-Driven

Your business needs to be future-focused, even before you have your entire team in place. There will come a time when your business grows enough that you will need to separate your employees into functional areas or teams.

This chapter provides the tips you need to Be Future-Driven while navigating organizational growth. It shows you how to hire experts, be fair and generous, look for shared values, learn from the little mistakes, and balance your team.

## 6. Be Purposeful

You have to ensure your team feels valued, that they know their contributions are making a difference and that you care. You will be able to attract and retain people if you have a thriving company culture. The keys to engagement and retention are inclusion, appreciation, flexibility, and trust.

This chapter walks you through the practical tips you need to Be Purposeful and create brand champions. You'll learn how to define core values, make a culture that's more than words on a wall, and create a positive change.

## 7. Be Engaging

New habits start with a decision to make a change. Perseverance and commitment make habits stick. Bad habits arise when we lose that commitment or simply quit. There's really only one way to reverse the trend: make a decision to change and put a plan in place, being mindful of distractions or naysayers that try to derail your success.

I'm not suggesting CEOs have to be bodybuilders, but they do need to pay attention to their health and mental well-being because many people are depending on them. Employees, clients, vendors, and colleagues want to know you are doing all you can to remain at the helm. I want to Be Better for myself, but I also have a growing workforce that relies on me. I need to be around for them. While it is important to develop a healthy mindset for your personal wellness, it should translate into your business. Creating a culture of wellness in your business requires the same level of commitment.

Practical tips like learning how to create a culture of empathy, make your vision come alive, provide wellness resources, secure regular feedback, and cultivate your culture will help show you how to Be Engaging while creating.

## 8. Be Profitable

If you think about it, you're selling something to someone every single day. You sell yourself at a job interview. You sell an idea to your boss. You sell a project to your team. At its foundation, sales is about people. If you don't like people, you're not going to be a successful salesperson. Solid social skills are a must-have in building lasting relationships with your clients. Likeability, passion for your product or service, and relationships are key to selling successfully.

This chapter teaches you how to manage your time, be flexible, be selective, build and mentor a diverse sales team, and sell with integrity. You'll get plenty of helpful tips on how to Be Profitable and sell for success.

## 9. Be Service-Oriented

Ensuring that your customers or clients have a memorable, personalized, and enjoyable experience is an important differentiator, whether you are an e-commerce or traditional brick-and-mortar business.

This chapter provides practical tips on how to Be Service-Oriented and create a memorable client experience. It explores topics like taking care of your employees first, building trusting relationships, identifying your ideal client, improving your customer service, being honest, and integrating operational processes and technology.

## 10. Be Efficient

You may be able to piecemeal processes in the early days of your business, making it up as you go along. However, in or-

der to scale for future growth, you need to be efficient. You need a comprehensive operations function that is continuously evaluated, so you are delivering top-notch service to your clients, as well as enabling your team to work seamlessly and avoid duplication of efforts.

This chapter walks you through everything you need to know to Be Efficient and scale your business for future growth. It shows you how to be detail-oriented, establish procedures, evolve, delegate and let go, and analyze your time.

## 11. Be Generous

A lot of research explores the "high" that you get when you volunteer. It makes you feel as good as the person you are helping. Maybe it's a little selfish to get something out of volunteering, but it's a good selfish, I think. Being generous is about doing something to make someone's life better.

Tips on how to Be Generous and build a social impact program with purpose begin with finding or creating giving opportunities and establishing a nonprofit partnership. The chapter also explores the ideas of sharing the giving spirit with your clients, participating consistently, and being open to recommendations.

## 12. Be Inspiring

Everyone reacts to challenges differently. Some crumble, but for others, it's an invitation to dig in. A crisis, whether personal or professional, leads you to reevaluate your situation. At least it should. If your organization is hit with a sudden challenge, you take steps to improve your operations so you can stay in business.

If you're not continuously evolving as a leader, you become stagnant, and your team will be disengaged. Strong leaders should always be pushing their teams to avoid complacency at all costs. Being an inspiring leader starts with the willingness to change.

This chapter provides some practical tips to Be Inspiring by being a better leader, such as how to examine your motivation, be transparent, be resilient, cultivate a continuous improvement mindset, and maintain your reputation.

## 13. Be Better

Before you decide to step out and share your expertise, whether it's by writing LinkedIn posts or launching a podcast, you need to identify your message. It takes time and patience to build a following and rise above the noise. Otherwise, you're just another voice in the crowd, and people will eventually tune you out, hurting both you and your company's brand. You need to provide valuable content that you believe in and can speak to expertly, on whatever platform is best for you. Building your personal brand is a process, and you have to be prepared to ramp up slowly. It doesn't happen immediately, and you may need a team of people to help you.

It's important for any business owner to identify their "why" for launching a business. What you do impacts your team, your clients, and your reputation. The decisions you make are hinged on what you deem is important, the vision for your business, and the vision for yourself.

## Conclusion

I've shared a lot of information about what it means to be a Be Better leader and how, because of this commitment, my business, my team, and even I have become successful. This is what has worked for me and my company. It may or may not work for yours. This is why I stress the importance of being authentic and being yourself.

Be authentic. Be vulnerable. Be gentle when you're delivering hard messages. Be kind. Be willing to do the same jobs you're asking your team to do. Learn from your mistakes, and don't be afraid to make hard decisions. You must always strive to be a better version of yourself every day.



As the CEO of Branded Group, Inc., an award-winning facility maintenance company, **Michael Kurland** is committed to leading with purpose. His determination to Be Better was the driving force in the launch of his company and has led to its exponential growth, cultural transformation, innovative social impact programs, and cultivation of a highly-regarded team of industry experts. With a diverse background in sales and marketing, Kurland's vision is to create a conscious business that inspires future humanitarian leaders.

***Broken to Better: 13 Ways Not to Fail at Life and Leadership*** by Michael Kurland ©2022 by Michael Kurland. Summarized by permission of the author, Michael Kurland. ISBN 978-1544529721. Published by Soundview Executive Book Summaries® Copyright ©2022 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. *45SS03C*

· Book 14 of 67 ·

# Built, Not Born

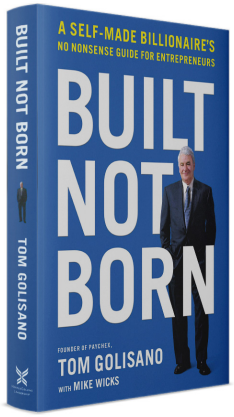
Tom Golisano

soundview
Executive Book Summaries®

# Built, Not Born

## A Self-Made Billionaire's No-Nonsense Guide for Entrepreneurs

*by* **Tom Golisano, with Mike Wicks**




## Contents

Entrepreneurship: A Risk Worth Taking
*Page 2*

Money Matters
*Page 3*

Would You Buy What You Sell?
*Page 4*

Hire for Attitude, Train for Skill, Fire When Necessary
*Page 5*

Lead, Follow, or Get Out of the Way
*Page 6*

A Good Deal for Everyone
*Page 6*

Building a Positive Public Image
*Page 7*

## THE SUMMARY IN BRIEF

Starting a business can often feel like performing a high-wire act for the first time, without a safety net. Every decision seems to have the power to send your entrepreneurial dreams crashing to the floor. Tom Golisano understands the fears, risks, and challenges small-business owners face every day—he's lived it. He has launched and grown his own highly successful businesses and mentored dozens of entrepreneurs, helping them build their own successful companies.

In ***Built, Not Born,*** Golisano shows readers that starting a new business is, in many ways, far less risky than more traditional career paths, especially in our current age of disruption. Golisano shares the knowledge and wisdom he wishes he'd had when he started Paychex over 30 years ago, with just $3,000 and a much-abused credit card. Today, Paychex has a market value of $28 billion.

From the importance of understanding your business and industry, to key questions for determining your choice of business, to fundamental principles for making deals and leading, ***Built, Not Born*** is essential reading for today's entrepreneurs.

## IN THIS SUMMARY, YOU WILL LEARN:

- What makes a successful entrepreneur.
- Key categories you need to know before starting a business venture.
- Why you should hire for attitude and train for skill.
- To make deals that satisfy everyone and build long-term relationships.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2020 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • Vol. 42, No. 7 (3 parts), Part 2, July 2020 • Order #42-17 • Sarah T. Dayton, Editor-in-Chief • Ashleigh Imus, Senior Editor • Kylie Waytuck, Graphic Designer

## Entrepreneurship: A Risk Worth Taking

If you are running your own company or trying to grow your business, you already know it can be an unpredictable and stressful way of life. If you're considering starting out on your own, are you having nightmares about the potential risk? Are other people telling you not to do it? Do your parents, spouse, and friends think you're crazy?

The thing is, you can manage risk. Those people who talk about the risks involved in starting and growing a business seem to imply that having a job is risk-free—get a job, be set for life. Was that ever true? In reality, working for a company is not as risk-free as it might have been a generation or two ago.

In 1982, Eastman Kodak had about 60,000 employees; today it has fewer than 10,000. Nobody knows with certainty where the next disruption is coming from. Couple this with amazing advances in technology, and there is a case to be made that being employed is the risky alternative.

If you feel starting your own business might be for you and you have a good idea, don't be a wimp. Seriously, the dangers of owning a business can be minimized. The first thing you need is a complete understanding of how the business world operates, how companies work, what your responsibilities are when you head up a company, and finally what strategies work and which ones to avoid.

### What Makes a Good Entrepreneur?

Natural entrepreneurs are curious. They constantly question and challenge business scenarios. They are always looking for an angle, a way to make things work better or introduce a new product or service. They are always thinking and planning.

There are two things to look for when considering whether a business has a chance of success. First, the business owner should have worked in the industry. They have to possess intimate knowledge of their market, their product or service, and their customers—they have to be familiar with the environment.

Second, an entrepreneur needs to possess a sense of reality. Too often passion overtakes common sense. Too often entrepreneurs have an inflated opinion as to what percentage of the market they can realistically expect to earn in the first few years.

Regardless of how you became a businessperson, or where you are today in business, you can improve your business skills and become a better entrepreneur. There are people who for one reason or another have a business idea and want to launch a new enterprise, but they are not there yet in terms of business acumen. Maybe that's you.

Perhaps on an entrepreneurial scale of one to 10 you consider yourself a five. That's good; being honest with yourself is the first step to success. To become a 10, you need to understand what makes businesses successful. You also need to have passion, commitment, and a little humility—a willingness to learn.

## Understand Your Business

The basics of running a business haven't changed since trade began. Sure, we have the internet and social media, and digital technology is advancing faster than many of us can keep up with, but when it comes down to it, the most important part of a business boils down to a few simple calculations on a single page. This is a profit and loss projection that shows you immediately what you have to do to turn a profit.

If you're a retailer selling popcorn, for example, how many people do you need to come through the door and buy your popcorn to allow you to pay all your bills and give yourself an income? The rest is strategy, useful but peripheral.

### Business Planning

Many business plans could double as doorstops. Who's going to read a 30,000-word plan? Focus on the key points and financials that demonstrate your business concept is viable, and cut the rest of the verbiage. The peripheral stats, five- and 10-year projections, and other useless elements of many business plans can be ditched; they're not fooling anyone.

Also, keep it real. Nothing turns off a lender or an investor more than exaggerated or poorly thought-out statements, promises, and projections. Very few people do the math. They let passion cloud their judgment. That's the myth many business books peddle: "Follow your passion," or "Believe it and you'll achieve it." That sort of thinking can lead you down a dangerous path.

The most important thing when planning your business should be the accuracy of your facts and statistics. You need to be able to provide proof of the veracity of your figures.

Let's take a look at the type of information you need to gather and know before you start your business venture.

**Product or service**. What are you selling and why? Why have you decided this product or service will add to what

Market research is the cornerstone of business planning. Everything hinges on the information you gather.

is already being offered by other companies? Why should people or businesses buy what you are selling?

**Financials**. A business's financials are more telling, prophetic if you like, than any other facts, statements, or information you provide, so you need to take them seriously. If you can't read and understand financial statements, one of your first jobs is to educate yourself.

**Industry and market sector**. In what industry will, or does, your business operate? How does your business fit within that industry? Don't fall into the trap of trying to tell the history of the industry or include peripheral facts and statistics. Keep your comments specific to your particular position in the industry today, the sector you fall into, and the size of the market sector in which you will operate.

**Customers**. Who are they? Where are they? Where do they currently buy similar products or services to yours? What is their socioeconomic status? Why will they buy what you sell? What is the size of the market, and how much of it are you likely to capture?

**Market research**. Market research is the cornerstone of business planning. Everything hinges on the information you gather. Market research gives your plan credibility. It also will give you peace of mind. Without market research your business planning is fiction or, worse, fantasy!

**Competition**. Know one thing: Every business has competition, either direct or indirect; your job is to carve out a piece of the pie for your company. Your plan should provide a realistic assessment of your competition and your strategy for getting a share of the market.

**Price**. Too often entrepreneurs overestimate what customers are willing to pay for what they sell. The research you do on your competition will help you come up with a price that people are used to paying and that will also provide your company with the profit it requires to be successful.

**Marketing**. Every business requires a unique promotional strategy. The market research you carry out, especially on your prospective customers, will help you identify where you need to advertise.

**Sales**. A business plan needs to show the reader how the business will sell its products and services. Outline in your sales process how you will identify prospects, qualify them, contact them, and then sell to them.

**Production**. If you are going to manufacture something, you will need to demonstrate the process you go through to end up with the finished product. Include information on the equipment required, the cost, the production facility, output capacity, inventory requirements, and access to raw materials and suppliers.

**Distribution**. How are you going to get your product to your customer? Will you deliver it yourself? Employ a delivery person? Get sales staff to deliver it when taking orders? Mail it? Courier it? And, of course, what will it cost?

**Administration**. What legal business structure are you proposing? Proprietorship, a partnership, a corporation? Before deciding which legal structure is best, get advice from your accountant and lawyer.

## Money Matters

Too many businesses start out undercapitalized, and it's downhill all the way from there. What makes things worse is that banks don't like lending money to small businesses. So what are your options if you still want to start out on your own or take your business to the next level?

Before you begin, do some simple arithmetic: Estimate your operating costs for the first year, add whatever you need to pay yourself (zero is a good number), and then figure out how many widgets or services you need to sell to cover that amount. This will give you a baseline of your financial requirements. Look at the quantity of products or services you need to sell and assess whether it's reasonable. If it isn't, reduce it to what you believe will be achievable.

### Sources of Financing

Here are a few of the many sources of financing.

**Self-financing**. If you truly believe in your business concept, whether it's a startup or a going concern that requires investment, you should seriously consider liquidating personal assets to self-finance. If you are asking other people to risk their money, or in the case of banks, their customers' money, then you should feel comfortable risking your own.

**Banks**. Generally, banks are reluctant to lend to small businesses, especially to startups. They will, however, consider lending money if you have liquid, pledged collateral (for example, a stock certificate that is easily saleable), or if you get a first or second mortgage on your home. They may also require someone to cosign a loan, and that person will need to be someone of substance.

**The bank of Mom and Pop**. Approaching your parents and other family members is a valid way to raise capital, but it comes with baggage. They know you too well and are more likely to question how you are running the business. And they won't be shy about asking for their money back if they need it for something else. They are sometimes not the most educated of lenders.

**Venture capital**. Venture capitalists can be an option, but they are self-centered, tough negotiators with their own agendas. They want to invest and then liquidate, so their timeline might be very different from yours. If you are trying to build something long-term, you have to ensure the venture capitalists you are working with are on the same page.

### Understanding Financial Statements

Many entrepreneurs get into trouble simply because they don't understand their financial statements, of which the balance sheet and the profit and loss statement are the most important.

A balance sheet is a snapshot of your business at a set moment in time. Your balance sheet shows your assets (cash, accounts receivable, inventory, prepaid expenses, furniture, equipment, etc.) and liabilities (accounts payable, unpaid expenses, etc.). If you take your assets and subtract your liabilities, you have your company's net worth.

Your net worth contains the profits you have made and money you or your shareholders have invested. This snapshot can be taken at any time.

A profit and loss statement is a recap of all the revenue you brought into the company and all the expenses you incurred in maintaining the company. The difference between the two is either your profit or your loss.

It's important to have someone who understands financial statements in your company, someone who knows how to read them and how to prepare them. You can get into a lot of trouble with bankers and investors if your financials are not reconciled and up to date.

More importantly, without accurate current financials you won't have a realistic view of your business's financial situation.

## Would You Buy What You Sell?

The one thing companies have in common is that they all sell something, a product or a service. But how important is what you sell to your long-term success?

In some cases, people choose to sell a product or service or to become part of an industry because they have a passion for it. Think of all the geeks who create hi-tech products that they hope will change the way people work or play, or even help solve global issues.

Others choose products or services based on what they themselves like to consume, things that excite them. Still others find, or think they have found, a gap in the market and aim to fill an unmet need or demand.

### Recurring and Non-Recurring Revenue

In addition to the actual product or service you sell, it's important to take notice that there are two types of business formats: recurring and nonrecurring revenue businesses. If you sell a sofa to a customer, it may be decades before they need another one, and by the time they do, they have probably forgotten you exist.

Even if they do come back to you, you have to sell them all over again in the face of competition for their dollar.

When Paychex starts handling a company's payroll, it keeps providing the service until for some reason the customer no longer needs or wants the service. You can count on the revenue; it's very predictable. Paychex has been handling payroll for some of its customers for several decades. That sort of stability is appreciated by banks and investors and, if you go public, Wall Street.

Not only is the recurring revenue predictable, so is future growth. If you add a hundred new clients, you can easily calculate the revenue they will generate. That level of predictability and consistency is not available to many nonrecurring revenue businesses.

### Six Key Questions

Whatever the reason behind your choice of business, you must choose wisely if you expect your company to be successful. Here are six questions to ask yourself about the products or services you are either selling now or planning to sell in the future.

1. Is there a large enough market?
2. Can you make a decent profit margin?
3. Can your company deliver?
4. Does it have longevity?
5. Do you have enough capital?
6. Can you keep up with technological change?

> What's one of the most effective interview techniques? Silence.

## Hire for Attitude, Train for Skill, Fire When Necessary

Hiring and firing effectively is central to a good HR policy. Consider working on the general basis of hiring for attitude, training for skill. It's a lot easier to train someone to do a particular job than to change their poor attitude or manners.

Being selective is one of the keys to good hiring. There is a cost to educating and training a new hire, not to mention a transition period where the person is not performing to full capacity. Look for people with ambition, people who have energy, people who want to win. If they want to win for themselves, they are going to want to win for the company.

What's one of the most effective interview techniques? Silence. Let the interviewee talk, and when they stop, don't say a word. What they say next may turn the whole interview into negative or positive territory, or they may simply wait for you to speak.

Is there a correct way for them to treat the pause? The best thing they can do is let the silence hang. The interviewer may just be thinking or considering his or her next question, or they could just be testing the person! The pregnant pause is a most effective tool in any interview.

Another technique is to listen and watch how they handle themselves throughout the interview process. During an interview, offer water or coffee to the candidate. Do they display common courtesy by saying thank you to the person handing them their beverage?

After the interview, do they leave the glass or cup on the table for someone else to clear away? Finally, do they push their chair back into place? These few gestures of basic civility and respect tell a lot about a person.

The number-one question you should ask yourself when hiring is, "Can this person help us grow?" The answer to that will be a deciding factor on whether to hire a candidate or move on to the next prospect.

### The Importance of Training

High-caliber training and treating employees well while they are undertaking training are important, especially when they're away from home. Take training your employees seriously, but have fun at the same time.

Having a motivated, committed team in any department will repay any investment you might make in providing top-quality training.

This was a founding principle of Paychex back in 1971, and Paychex has recently been recognized as one of the Top 125 training organizations by ***Training*** magazine for the 18th consecutive year. In fact, it now holds 12th place, jumping up eight spots since 2017. No wonder Paychex is one of the most respected payroll processing companies in the country.

### Firing When Necessary

Firing someone is never fun, but on occasion it is entirely necessary. Of course, employment law needs to be followed in all cases, and there are plenty of books and websites that will educate you as to your legal obligations and responsibilities.

The biggest piece of advice is not to procrastinate and to always deal with personnel issues immediately. Call the person into your office and talk to them; get their side of the story, offer assistance to help them get back on track if applicable, and move on, leaving them with the clear

knowledge that the next time you call them into your office, the conversation will go a little differently.

## Lead, Follow, or Get Out of the Way

The phrase "lead, follow, or get out of the way" has been used by many people, including Ted Turner, Lee Iacocca, and General George S. Patton, but that doesn't make it any less relevant when discussing leadership and management.

No book on the principles of business success can ignore the importance of the person at its helm, whether that's for the whole company, a division, a department, or a branch. Let's delve deeper into what makes a good business owner, manager, or leader.

### Integrity and Respect, the Bedrock of Business

The best businesspeople exhibit a deep-seated integrity. They respect their employees, their customers, their suppliers, and above all, themselves. Too often people are hung up on their own self-importance and dismiss as unimportant people who can't help them move their own selfish agenda forward. Respect is earned, not given.

You can build a level of professionalism into a corporation's culture to the point it will last forever, but you have to be committed and lead from the front. It won't just happen.

Don't confuse having integrity with always having to be a nice guy or someone who's easy to walk over. You can be tough, very tough, but you can also be honest and fair. Remember, leading a business to success is not a popularity contest; it's about gaining respect for the way both you and your company act.

How do you want to be remembered on your last day working for your company? A lot will depend on how you begin your first day. Let's assume you start your business today. It's important on day one to consider what you want people to think, write, and say about you when you retire. If you're already in business, or even if you are a senior manager in a company, it's never too late to take a step back and reevaluate how you are managing yourself and your company.

### Leadership

Effective leadership comes down to four steps an owner, CEO, or senior manager needs to nail:

- Create the vision.
- Sell the vision.
- Execute the vision.
- Monitor the results.

Do you consider yourself a good leader? Good leaders have a vision for their company and the ability to share that vision with everyone involved in their business. Ensure you are clear about your goals and objectives because it is up to you to take responsibility and lead by example.

Good leaders must be able to create a vision and sell that vision strongly enough to get honest and enthusiastic buy-in from senior managers, who can then sell the vision down the line.

At that point, if everyone gets behind the vision, the goals, and the objectives, then the vision needs to be executed. To do that, you as the leader and the other leaders at all levels of your company need strong communication skills. Remember, one of the biggest complaints put forward by employees is lack of communication.

Good leaders are not necessarily born; they can be made, but they do have to be able to show empathy, be decisive, know how to hire and trust the right people, recognize and develop existing talent, delegate rather than do everything themselves, collaborate with the senior management team and others, and never be afraid to ask for help.

## A Good Deal for Everyone

When Paychex, or Paymaster as it was first named, was launched, there was no intention to provide payroll processing services outside of Rochester, New York. But Tom Golisano's ex-colleague, Phil Wehrheim, asked to become a partner. They struck a 50-50 partnership deal, and Wehrheim opened offices servicing Buffalo, Syracuse, and Albany.

Then Chuck Wollmer, the employee of a client, wanted to get in on the action, but he wanted a franchise. That was how the company started to grow into more than a small local business.

Making it a good deal for everyone was at the heart of Paychex from the beginning. It was ingrained into the company's corporate philosophy, it made sense, and it was important. Growing a national organization simply happened one territory at a time; by the time it consolidated into one company, there were 17 partners and franchisees, and it felt more like a fraternity than a business. That climate could not have been achieved if each person hadn't felt they were getting a good deal.

Common ground is where the best deals are made, ones that stand the test of time.

If you can manage to negotiate a deal both sides feel good about, or at least think is reasonable under the circumstances, then it's a win-win, and win-wins can lead to long-term relationships. Some business gurus treat business like war. Win at all costs seems to be their mantra, but "wins" like that are often short-lived. Any relationship built on someone having to be the loser can never be good for a business in the long run.

A good approach to negotiation is to figure out what the other person needs in terms of a number, or other options, and do your best to provide them with an offer that isn't too far from what they are expecting.

How do you do this? Be a good listener and do your homework. The more educated you are about their situation, the better position it puts you in to make a deal that benefits both them and you. Common ground is where the best deals are made, ones that stand the test of time. People walk away from one-sided deals and nobody wins. Good deals can be arrived at where the parties are equally happy, or even equally unhappy.

### No-Nonsense Negotiation

In 2002, Paychex acquired Advantage Payroll Services, Inc., based in Chicago, for $240 million in cash. This was a significant acquisition.

What was more interesting than the acquisition itself was the way it happened. The company was owned by a venture capital company that wanted to take them public. A meeting was arranged with the general partner of the firm. During discussions of a potential purchase, it became clear that his company didn't want the hassle or cost of going public. Venture capital firms often want to realize a quick return on their investment.

Paychex needed to figure out whether it could afford to make the purchase and whether that amount was worth spending to take out a competitor with 40 branches that was growing faster than Paychex was. The answer, of course, was yes.

Tom Golisano calculated the approximate cost involved in taking the company public, took into consideration the current value of the company and also its potential value after going public, and came up with what seemed to be a genuinely good offer. Within 45 minutes the offer was accepted.

There have been complete books written about the art of negotiating, but when you strip away the smoke and mirrors, it's simply about finding that sweet spot where both parties feel they can sleep content. Anything else is fool's gold.

## Building a Positive Public Image

When you think of any company, even one you don't necessarily know well, you will instantly have an opinion, or perhaps a feeling about the brand, be it good or bad. Think of Starbucks, or the Nike swoosh; think of Microsoft and Apple; think of Walmart. As you read those names you will instantly have a gut feeling about each company. They have a profile, an image, that in your mind is either negative or positive.

Unlike the companies mentioned above, your company may be new, but it's important to build its image from day one. And if your existing company is suffering from a blah image, the following tips and advice may help you kick its profile up a notch or two.

Consider these basic strategies that will help your business enjoy the type of respect and loyal following Paychex has enjoyed for 48 years from employees, customers, and shareholders.

**Picking a name**. The name of your company can say a lot about you, so be careful if you are choosing a name for your new company or you plan to undertake a rebranding process. Be cognizant of where you think you would like your business to go in the future. Names should have longevity and shouldn't restrict what services and products you might sell in the future and at what location or locations.

**A positive profile starts at home**. Employees come and go. Every time a valued employee leaves your company there is a cost in lost production, retraining for the new employee, and an orientation period where the new employee absorbs

your corporate culture. Underlying this is the concern that when an employee leaves your employment, they take with them an impression of your company, which they may share with others, and you want to be sure it will be favorable.

**Act professionally**. Acting professionally sounds like obvious advice, but many businesses miss this basic principle. They are so busy with all the other aspects of their business they fail to notice the things that customers see when they walk through their doors or call their company. Your premises need to be tidy, clean, and orderly at all times, even if your clients never visit your offices. If you always appear and act professional, you will be professional, and that will come across in the very essence of your business.

**Vendor relationships**. If the average person can spread bad news and reviews about your company from one end of the world to the other in a nanosecond via social media, a vendor who has long-overdue, unpaid invoices can spread the word to your other suppliers. That can damage many important relationships on which you may rely heavily. Always ensure you pay vendors on time and build a reputation of being fair and prompt in all your dealings.

**A professional image**. Your website can be the first thing people see when searching for your company, so again, it needs to be professionally designed and kept up to date. If your company uses brochures, flyers, and other promotional material or produces reports, they all need to not only look professional but also be written in proficient English. My advice is to use professional designers and writers—they earn their money.

**Get on board with social media**. Social media is important to every business; an unsatisfied customer can post a detrimental review on any number of sites, and in a blink of an eye it can be read by thousands. Monitoring social media sites frequented by your customer base should be a responsibility of someone in your company, potentially a full-time job, depending on your size.

Building a positive public image is important to your company. If you don't build one, you may discover all too late that a public image has been thrust upon you that is a lot less flattering than one you might have been able to create.

There is a lot you as a businessperson can do to increase the likelihood that your business will be successful. Entrepreneurship is the backbone of the American economy; America's 30.2 million small businesses employ 58.9 million people.

For this reason, entrepreneurs are extremely important to our country and our future. Take the risk to become an entrepreneur, and here's one more piece of sage wisdom: Don't forget to have fun!

## IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- ***Crushing It! How Great Entrepreneurs Build Their Business and Influence––and How You Can, Too*** by Gary Vaynerchuk
- ***The Pumpkin Plan: A Simple Strategy to Grow a Remarkable Business in Any Field*** by Mike Michalowicz



Tom Golisano is the founder and chairman of the board of Paychex, Inc. He served as Paychex's president and chief executive officer from 1971, when he founded the company, until 2004. He was listed among the *Forbes* top 10 bosses in the U.S. for three consecutive years, beginning in 2002. He has demonstrated ongoing dedication and commitment to a variety of civic issues and organizations. In 1985 he established the Golisano Foundation, which awards grants to organizations providing opportunities for those with intellectual disabilities.

From ***Built, Not Born: A Self-Made Billionaire's No-Nonsense Guide for Entrepreneurs*** by Tom Golisano, Copyright © 2020 by Tom Golisano. Published by arrangement with HarperCollins Leadership, a division of HarperCollins Focus, LLC. 224 pages, ISBN 978-1-4002-1755-7. Summary copyright © 2020 by Soundview Book Summaries ® www.summary.com, 1-800-SUMMARY.

· Book 15 of 67 ·

# Buy Back Your Time

Dan Martell

# BOOK SNAPS™

Zooming In On Your Next Read




## Buy Back Your Time

**Get Unstuck, Reclaim Your Freedom, and Build Your Empire**

*By Dan Martell*

**Dan Martell** is an entrepreneur, angel investor, thought leader, and highly sought-after coach in the SaaS, or software as a service, industry. He founded, scaled and successfully exited three technology companies within a ten year period. In 2012 he was named Canada's top angel investor, having invested in more than 50 start-ups, such as Intercom, Udemy, and Unbounce. In 2016, Martell founded the SaaS Academy and grew it to become one of the largest coaching companies in the world. He's also an Ironman athlete, philanthropist, husband, and father of two incredible boys.

# Trade Your Money for Time

In ***Buy Back Your Time: Get Unstuck, Reclaim Your Freedom, and Build Your Empire***, author and entrepreneur Dan Martell believes that the most powerful asset an entrepreneur has is his time. In this book, he tries to teach his readers how to get more time by offloading draining tasks onto other people who may be more suited to them and using that time to reinvest back into the company or other business endeavors.

Martell's early life was not a steady one. He spent time in jail, and it was there that he had a fateful encounter with a guard who saw potential in Martell. This gave him the impetus to turn his life around, and he did just that. Unfortunately he refers to his guiding principle at the time as being GSD or Get. Shit. Done. This forward momentum propelled him to start businesses, some successful and some not, but ultimately ended in his fiancee breaking up with him because he was not willing to devote enough time to her. This spurred another change in him. As he says, "I began learning how to do what I love (lead businesses) and be who I want to be (a friend, father, and husband.)"

## The Buy Back Principle

The key to Martell's technique is the buy back principle. Martell explains that according to a University of California Berkeley study, entrepreneurs are more likely to experience "depression, ADHD, substance abuse, and bipolar disorder" across their lifetimes. Part of the problem is that most people think the more they work, the more profitable they will be. This, he says, is not entirely true. Martell says that business owners need to be spending their time only on things they excel at, they enjoy, and that add the greatest value. His buy back principle helps rectify this by determining how best to spend the founder's time (what he considers to be a business's best asset) and "how to invest that time into what will bring the founder more energy and more money." In short, the buy back principle says to hire people in order to buy back time rather than to grow the business. Without employing the buy back principle, Martell says that entrepreneurs are at risk of selling, sabotaging, or stalling as the workload becomes too unmanageable. In his book, Martell lays out systems to help overcome the worst outcomes.

Martell then goes on to describe his buyback principle. Using this principle, business owners continually audit their time.

They use this audit to transfer low value tasks they do not enjoy to others who can complete them and who also hopefully find them more enjoyable. The owner then takes that extra time and reinvests it elsewhere. His shorthand for this method is "Audit, transfer, fill." He describes multiple individuals from different walks of life who use this principle such as Tom Clancy, Andy Warhol, and Warren Buffett.

In his section on the DRIP matrix, Martell claims that where a person's passion lies also lies their greatest marketplace value. He says that 5% of the work a person does actually drives 95% of results. He says, "Think of every task as sitting on two continuums: one of energy, one of money. Each task is sucking some amount of energy from you on one end, or lighting you up with lots of energy on the other end." This same task may or may not be making money.

The DRIP matrix is made up of four quadrants: delegation, replacement, investment, and production. The delegation quadrant neither makes much money nor lights one up whereas the replacement matrix makes money but still does not light a person up. Tasks in the investment quadrant light a person up but do not make much money, and tasks in the production quadrant both make money and light a person up.

Entrepreneurs first need to get rid of tasks in the delegation quadrant. Next, they should focus on the replacement quadrant, but these sometimes take more time to find someone to perform them. People can get stuck in this quadrant when they are too apprehensive about giving important tasks to other people. Tasks in the investment quadrant make an investment in a person's life, relationships, or business. These tasks are important, and Martell suggests that everyone always has some investment tasks. Finally, he discusses the production quadrant which is where he wants people to spend as much time as possible. Martell acknowledges that many people do not trust others to do a job as well as they would, so they are hesitant to give replacement jobs to another. He admits that employees or contractors usually will not do as good of a job as an owner, but he believes that if a business person can find someone who can do a job 80% as well as they can, then they are best to have someone else do it. He says a person's revenue will go up when they spend their time doing what lights them up. Many people believe they cannot afford to hire help. He urges people to seek all options, but he also suggests people consider their buyback rate. He believes that no one in a company should do something that someone else can do for a quarter of their hourly rate.

## Time Management

Martell mentions five different time killers. The first is the staller. The staller is a person who continually puts off making important decisions. On the other side of the spectrum is the speed demon. The problem with constantly making decisions too quickly is that it sometimes obscures the true cause of problems. The next is the supervisor. The supervisor is the micromanager. Not only does micromanaging kill time, but it robs employees of the opportunity to make decisions. The fourth time assassin is the saver. The saver is a person who is interested in saving money but not in reinvesting it in other ways to help the company. The final time assassin is the self-medicator. People can self-medicate in any number of ways including with food and drink.

Martell says that there are only three trade levels available to a person: employee, entrepreneur, and empire-builder. He explains that all people trade their time for money. At the entrepreneurial level, people can begin trading their money for more time. He says that when a person enters this level, they begin to learn that they do not need to simply work more hours for more money. Now they have learned that they can buy back some of their time through delegation and replacement. Finally, he mentions the empire-building level. Often by the time a person gets to this level, they can spend more time not working than they do working because of how they have successfully used the buyback principle.

## Making Changes

Martell has a four step process for performing an energy audit. First a person needs to determine their buyback rate. Next, they should spend two weeks accounting for all of their time in fifteen minute increments. Third, they should rank each task according to 1-4 dollar signs. Finally, he urges people to highlight everything they love doing in green and everything they dislike doing in red. After all this is done, it becomes easier to figure out where all of the tasks belong in the DRIP matrix.

The first quadrant Martell wants people to work on is the delegation quadrant because that is the most simple to work with. Next is the replacement quadrant, and he has created what he calls the replacement ladder. This consists of five business operations. From lowest to highest these are administration, delivery, marketing, sales, and leadership. He describes these rungs as stepping stones. At each rung of the ladder, there are three components to consider: the key hires that need to occur, "current feeling of stress of liberty," and the responsibilities that need to be transferred to the new hire. He reiterates that someone who can do a job 80% as the owner is good enough.

Martell believes that having an assistant is crucial. He finds multiple benefits that assistants provide. First, they allow entrepreneurs to focus on what they do best by handling all of the other details. Next, they do not have the psychological baggage that owners, who are highly invested in their companies, have, and as such, they can perform some tasks much more efficiently. Also because they do not have the baggage, they can follow the rules better because they will not be as willing to make exceptions for customers. Finally, they will help entrepreneurs stay focused. He maintains that an assistant should be in charge of both their employer's calendar and email, and that if an appropriate system is put into place, a good assistant can efficiently save much time by being able to sort through all of these items quickly and efficiently.

Later on in a further chapter, Martell returns to time management when he says that it is important for people to be proactive rather than reactive with their time. He wants people to plan their weeks ahead of time paying attention to when they have the most energy and attention. He believes that people should group like activities together. Once the week is

> . . . it is important for people to be proactive rather than reactive with their time."

planned, it is important that a person honors that schedule. Things do not need to work out perfectly, but it is important to try to honor the schedule created.

## Working with Others

Martell urges his readers to create playbooks for all aspects of their business. Taking inspiration from businesses like McDonalds, he says, "A Playbook is exactly what it sounds like: it tells everyone on your team how to execute a play… Playbooks offer a way to transport knowledge based on what's already been tested and verified." Martell says that he has a Playbook for all aspects of his business. He gives four Cs for playbooks: camcorder method, course, cadence, and checklist. With the camcorder method, a person records themselves performing the process. With the course, the creator documents the highest level steps for each task in the playbook. The person making the Playbook should avoid being too specific which would also make the process of making the Playbook take too long. Cadence refers to telling the user how often they need to perform the action, and Checklist refers to giving a list of the nonnegotiables that must be completed every time.

Martell discusses his hiring process and how he never hires anyone without giving them a test to perform first. This test is very similar to something they will complete on the job if they get it, and he reimburses them for their time. He gives minimal directions so he can determine how the person will complete the task. Other tips he has for hiring people are first to be clear on exactly what is needed in the new hire. Then, companies should cast a wide net. He asks candidates to submit a video upon application that answers certain questions. This helps him learn how the applicant thinks. He also believes in the power of personality assessments to determine how well a person will fit in a role and on a team.

Martell moves on to discuss management and he says that most people get stuck in what he calls transactional management. With this type of management, managers tell people what to do, check what they did, and then tell them what to do next. This, he says, wastes time. Instead of this process, he recommends transactional leadership. Here, a business owner tells a person what needs to get done rather than how to do it. Then the leader tells the person how success is measured, and finally, they provide coaching when necessary. By coaching, Martell refers to focusing on the actual principle, sharing a personal story of when the leader faced a similar issue, and encouraging the person to commit to change when necessary.

When working with employees, Martell finds it important to give feedback. Without open communication, good employees can fail. He also recommends making sure people are fitted in the best position, moving people around when mutually beneficial. He uses the acronym CLEAR to list his principles for feedback. First, it is important to "Create a warm environment," Lead people to offer feedback, Emphasize and make people feel heard, Ask if there is more to say, and "Reject or accept the feedback."

## Goals

Martell encourages his reader to dream big. He wants people to focus on what rather than how. Big dreams, he says, encourage innovation, inspire people, stop distractions, and make decisions simple. After a person focuses on what they want to do, they then can focus on how they can achieve that. For these dreams that he calls 10x dreams, he says entrepreneurs need to envision the team that will help them get there, the business they want to focus on, the empire they want to create, and the lifestyle they want to cultivate. He encourages people to envision all four of these in detail.

Martell wants people to plan their years ahead of time once they have their 10x goals. To do this, he suggests entrepreneurs create checkpoints to make sure they are staying on track, list tactics needed to get to the next checkpoint, and rate their tactics based upon impact, confidence, and ease.

Martell ends his book by talking about how he has a household manager. This person helps his home life run more smoothly. While some might consider this too extravagant, he explains that according to all of the principles in his book, the household manager makes the most sense to him. By using this example, he closes out his book by going back to its first principles of spending money to buy back one's time. Martell is confident that if entrepreneurs focus most of their attention on the production quadrant that they will have the best opportunity to have successful business and lives.

*Book Snaps*™ is a publication of Soundview Executive Book Summaries® ©2022 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited.

· Book 16 of 67 ·

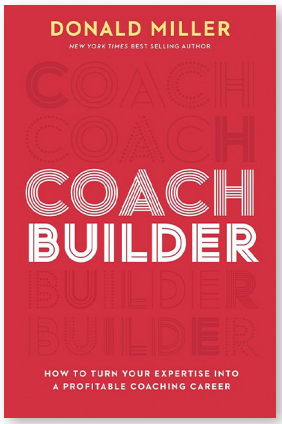
# Coach Builder

Donald Miller

Executive Book Summaries®

# Coach Builder

## How to Turn Your Expertise Into a Profitable Coaching Career




*by* **Donald Miller**

## Contents

Step One: Menu of Products
*Page 2*

Step Two: The Client List
*Page 3*

Step Three: Get Your Website Right
*Page 4*

Step Four: Great Emails
*Page 5*

Step Five: Map Your Client Journey
*Page 5*

Step Six: Establish Goals
*Page 5*

Step Seven: Join a Coaching Community
*Page 6*

Step Eight: The Soft Skills of Coaching
*Page 6*

## THE SUMMARY IN BRIEF

This book is written as a playbook for how to turn your expertise into a profitable coaching career. Every step will give you an action you can take to create or grow your coaching business. Whether you're just starting out in coaching or have been coaching for years, the eight steps that follow will help you build a coaching business from the ground up.

When you take the eight steps listed in ***Coach Builder: How to Turn Your Expertise Into a Profitable Coaching Career*** by recognized speaker and brand messaging leader Donald Miller, you should be able to grow a strong, six-figure coaching business in under a year and then double the size of that business within the following eighteen months. The goal is for you to be able, even after a short reading session, to create something that grows your business. And you should be able to do that over and over and over until you have transformed your entire coaching business into the sort of life-transforming machine that affords you your dream job working with your dream clients.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to create a menu of coaching products with clear value propositions at premium prices.
- How to build a potential client list and nurture those leads with a CRM.
- How to design a website that acts as a sales pitch.
- How to set goals and establish a plan to achieve them.

## The Eight Steps That Will Grow Your Coaching Business

Business leaders need good coaches. A coach has the power to help their client make millions — and to stay sane while doing so. Here are eight steps to grow your coaching business.

## Step One: Create a Menu of Products You Can Sell to Clients

Each of your products should be easy to understand, deliver extreme value, and be offered at a premium price. The fastest way to bring in cash is to have a menu of products you're able to sell that offer clear value and are sold at a stated price.

### A Menu of Coaching Products is Paramount

When growing a coaching business, you should have a menu of products clients can choose from. Each product on that menu should declare tangible value. Nobody can grow a business if they don't know what they're going to sell.

### What Sort of Coaching Products Should You Sell?

Package together a group of hours that you will spend helping your clients solve a specific problem.

Here are several examples of products you could offer, for instance, if you were starting out as a small business coach:

- Small Business Optimization Program
- Management and Operations Overhaul
- The How to Close Big Sales Workshop
- Double Your Sales Transformation Program
- Leadership Alignment Workshop

People are willing to invest in something that will get them a financial return on their investment.

Our job as coaches is to create products that offer tangible value. Identifying what is frustrating to our clients and then helping them solve those frustrations is fundamental to our success as coaches.

I recommend creating one flagship product and promoting it almost exclusively, while building out the rest of your product menu, and make sure to list each of your entry-level products on your landing page.

### Examples of Paid Lead-Generating Products

- The One-Page Hiring Plan
- The Mission Statement Overhaul
- The Perfect Presentation Outline

The key to these short, one-off introductory sessions is that they solve a clear and pressing problem for your client, and the price is affordable.

Each of the entry-level products should be built as a plug-and-play session you can deliver that might include a worksheet they fill out as the session goes along.

One of the more effective lead-generating products you can offer is a session in which your clients take a twenty-minute online assessment and then meet with you to review the results.

Have a menu of products ready to sell to customers as they "graduate" from your flagship small group offering.

### The Path to $150,000 in Your First Six Months

- Paid lead-generating assessment sessions or other introductory products: 2 sessions per month at $500 = $12,000.
- 1 flagship six-month small group: 20 total members at $5,000 per attendee = $100,000.
- 3 one-on-one coaching clients at $1,000 per month = $36,000.
- 4 one-off workshops on various topics, such as guiding principles, messaging, sales, and so on at $5,000 each = $20,000.

TOTAL: $168,000

And how many hours of your time would it take to deliver the kind of value it takes to surpass $150,000? Not as many as you might think.

When you add all the hours you will spend delivering this value, it totals only 146 hours.

If you want to scale your coaching business even further, you can do so by simply hiring coaches to work under you and use the exact same playbook to grow their coaching hours that you used to fill yours.

Follow the 10 percent rule, meaning the price you charge for your coaching will be under 10 percent of the return you conservatively expect your client to get if they execute the playbook you will help them install.

The key to growing your coaching business is to make sure your coaching products get your clients a terrific return on their investment.

Remember, clients will only hire you to help them solve problems.

## Step Two: Create and Manage a Potential Client List

How long will it take you to build a database of potential coaching clients? Not long.

### How Do You Launch a Coaching Business? You Tell People You Are a Coach. Over and Over.

It's important that you tell people you're a coach, especially if you are pivoting in your career. Your experience is a massive asset to help you build a career as a coach.

### How Do You Brand Yourself as a Business Coach?

Creating a list of potential clients and staying in communication with those contacts is critical to growing a coaching business. Another reason to start an email list is because it gives you the opportunity to further brand yourself by sending out emails that offer free value. Why? Because familiarity often corresponds with trust.

### Subscribe to a Basic CRM and Start Building Your List Today

Staying in touch with your list of business contacts will catapult your coaching business. To nurture your email list, you will want to create a CRM. CRM is short for customer relationship management, and while it sounds complicated, it really isn't.

There are several things you can do to start and nurture a database of potential clients and create a community around your coaching platform.

### Leveraging a Customer Relationship Management System

It can be intimidating to think about managing a CRM but don't be intimidated at all. If you subscribe to a CRM your coaching business should grow a lot more quickly than if you rely on word of mouth alone. Here's how to do it.

### Make a List of the Problems your Customers Face and Create Emails that Offer Solutions to those Challenges

Remember, clients will only hire you to help them solve problems. Further, if you want to enjoy your life as a coach, then you will want to help clients resolve problems that you absolutely love resolving.

As you begin to create emails that nurture clients, you will be tempted to give away the answers for free. Don't. The general rule about email marketing is that you give away the "why" but sell the "how."

The gist of a nurture campaign is that it should help potential clients diagnose and "feel" their problems, which, in turn, will increase the perceived value of your products.

### Close Leads by Making an Offer

Remember, you are not in the business of giving free coaching advice. You are in the business of selling your coaching advice. If you want to sell more of your coaching services, talk about your products in your emails and then make it easy for people to buy them.

### Define Your Coaching Specialty

As your client list grows and clients begin to pay for your coaching products, you will find you specialize in about three areas. Define and focus on them repeatedly.

### Build Your Coaching Business by Asking the Right Questions

Potential clients may not realize they need a coach. Most small business owners are so busy trying not to drown they don't realize they never learned to swim.

Once you've chosen three problem areas to focus on, you will want to memorize three defined, repeatable questions you can ask to qualify potential clients and help them realize they have the problems you resolve.

As you launch your coaching business, send an email to everybody in your CRM explaining what you do. An email describing a problem and offering a product as a solution will prove effective for you.

After you collect a potential client's email address, and af-

ter that client starts opening and reading your email, they still may not make a purchase from you. Because of this, you will want to invite them into a safe, risk-free taste of your coaching in the form of a small community you will curate and foster.

Another idea is to host a monthly breakfast. Invite clients and potential clients so those you are coaching can mix with those who are considering hiring you as a coach.

Other ways to build your coaching community is to deliver keynote presentations or deliver webinars. Another way to generate leads is to offer a free, thirty-minute business assessment.

### Ask for Referrals

If you have an existing client base, feel free to ask them to invite their friends to the monthly breakfast or to attend a webinar.

## Step Three: Get Your Website and Sales Pitch Right

The job of your website is to deliver a sales pitch that gives a potential client the opportunity to accept or reject working with you.

The reason potential clients will visit your website is to see what all of this coaching talk is about. Your website needs to:

1. Clearly communicate the value you offer.
2. Display your menu of products.
3. Explain the steps a potential client can take to engage you as a coach.

The main reason you should create a website is because by doing so you will build more confidence in your coaching abilities. Your website might also be the main way you collect leads.

The first step when it comes to creating a great website is to wireframe your site so it accurately reflects your unique offer to the world. The overall goal of your website is to invite customers into a story in which their problems can be solved and their lives can be enhanced by engaging you as their coach.

If we want to close sales, we have to guide potential clients through the three phases: curiosity, enlightenment, commitment. As your potential client scrolls down your website, each section should feel like a sequential encounter.

Here is the recommend structure:

**The Header**

Your header should clearly communicate three things:

1. What you offer
2. How what you offer can make your future clients' lives better
3. What they need to do to work with you.

**The Stakes**

The reason to include stakes in the story is because you can communicate the urgency involved in engaging your coaching services. Your ability to solve the problems your potential clients struggle with is why they will want to engage your coaching services.

**The Menu of Services**

Give your future clients a list of products they can engage in order to solve their problems.

**Proof of Value**

Include statistics and testimonials to prove your value.

**The Plan**

Build a bridge from the customer's problem to your solution. The key to this section of the website is to make the process of hiring and working with you look simple, safe, and easy.

**The Explanatory Paragraph**

For those who like to do a little research, you need a long-form, conversational explanation of why working with you as a coach is so important.

**Your Lead Generator**

The next section you will want to include on your website is an ad for your lead generator. The purpose of the lead generator is to gather email addresses so you can follow up with potential clients and continue to earn their trust.

Most future clients will only give you their email address in exchange for something of value. Make sure what you are offering is something they are willing to give you their contact information to receive.

Nothing will grow your business faster than staying in touch with potential clients.

## Step Four: Learn to Write Great Emails That Close the Deal

You'll want to follow up with leads using simple, automated emails that nurture the new relationships you're building with potential clients. People tend to buy products and services from brands and leaders they feel are familiar, and familiarity doesn't happen fast.

The best way to move a large group of future clients through the three stages of a relationship—curiosity, enlightenment, and commitment—is to acquire their email address and send them emails over six to twelve—or as long as fifty-two—consecutive weeks.

The key to growing your coaching business is to make sure potential clients are familiar with you and the products you offer during the time window in which they are experiencing a business challenge. Nothing will grow your business faster than staying in touch with potential clients.

The best way to collect email addresses is in exchange for critical insight. You want your lead generator to qualify prospects and to build trust and familiarity. When creating a lead generator, ask yourself what problem you are looking to help your clients solve.

When they receive follow-up emails for the next 6 - 52 weeks, they are more likely to turn to you when they have a need. To get started, think small. Some ideas include a checklist, a worksheet, an assessment, an interview with an aspirational leader in your field, or a solution article.

You'll want to use *The Customer is the Hero Sales Framework*:

1. Start with the problem you solve
2. Position your product as the solution
3. Build a bridge from your customer's problem to your solution
4. Paint the negative stakes as part of your story loop
5. Paint the positive stakes - all the great things ahead for them when they hire you
6. Call the customer to action

After you send out the first 6 emails, put your future clients in a nurture track. This is a series of emails that go out each week and share useful content with potential clients.

Nurture emails should provide free value to enlighten your future clients and eventually get them to commit. You will be seen as a go-to source for help.

If this feels overwhelming, start small and scale up. Skip the CRM and write 4 or 5 cut and paste emails you can send out manually.

## Step Five: Map Your Client Journey by Creating a Marketing and Product Ladder

The beginning of the client journey needs tools that increase a potential client's curiosity about your products and services and how you'll help them survive and thrive. Examples of curiosity tools include one-liners, business cards, website, lead generators, and in-person events.

The next phase is enlightenment where they learn how your services will benefit them. Your enlightenment collateral should answer the question "Will this work for me?" and give future clients a taste of your products and services.

The final phase is commitment. There's still a hierarchy of investment willingness in this phase where some just want basic-level services and others want one-on-one coaching. Make sure your products start as low-priced entry products and extend up as high as you believe clients will be willing to go.

Mapping your client journey will give you clarity about what you offer, where your clients are on their journey, and how your business is going to grow.

## Step Six: Establish Realistic Goals and Accomplish Those Goals

Set goals in 3 critical areas: revenue, qualified leads, and

products sold.

The best way to establish a revenue goal is to ask yourself how much you will need to live on, how much you'd like to invest, and how much you'd like to use for generosity.

To reach your revenue goal, you'll need to set a goal for qualified leads. Assume that approximately 10% of the relationships you build will turn into paying clients.

You will hit your revenue goal by selling a certain number of each of your coaching products. Your lead and revenue goals should be broken down per piece of marketing collateral and per product.

To hit these goals, you have to take action. You might feel lost at first, but you will never be 100% ready. At some point you have to move towards your goals with dogged determination. You can fix things as they are moving. No excuses. You should also review your goals regularly.

## Step Seven: Build or Join a Coaching Community That Will Help You Grow Yourself and Your Business

Meeting with other coaches will help you generate better results for your clients. Other coaches will have wisdom to share. Add to that the emotional encouragement received when you join a community and you'll discover community is a critical element in the growth of your coaching business. If you don't have a community, you can build one.

## Step Eight: Master the Soft Skills of Coaching

Soft skills are the characteristics it takes for a coach to build trust with their clients.

Five characteristics great coaches have in common:

1. They play the guide. They are empathetic. They are competent.
2. They don't rush the process.
3. They lead their clients on a journey of self discovery.
4. They create a safe and trusting environment.
5. They affirm the transformation of their clients.

### A Week in the Life of a Successful Business Coach

During a perfect week, every aspect of the product and sales funnel discussed in this book are put into play. Everyone in the coaching business should sit down with a calendar and create a perfect week, every week.

### How to Scale Your Coaching Business to 7 Figures and Beyond

First ask yourself if you really want to. When you scale, life gets complicated, and you are one step removed from the close contact with clients you originally signed up for. There are personal costs involved in scaling up to a 7-figure business both in time and worry.

Still interested? Here's what a 7-figure business might look like: 1 large 3-day annual event, multiple small groups that meet 2 times per month, and writing a book, or a few of them.

You will want to install a rhythm of review and refinement so you have a never-ending improvement on your operations.

### Conclusion: The Point is Transformation

If you're feeling insecure about building a coaching business, that's ok. Competency is right around the corner. If you've succeeded in business and believe you can help people succeed, you have an excellent foundation on which to build a coaching business.

If you follow the directions in this book, you can start leveraging your experience into a profitable coaching career. All you have to do is take action. If you know you want to build a coaching business, and you fully engage the work plan in this book, you will experience the transformation you've been looking for.

The question is not whether you have what it takes to be a great coach. The question is whether or not you will do the work. The great news is that you are in complete control of the outcome. Here's to your transformation!



Donald Miller is the CEO of StoryBrand and every year helps more than 3,000 business leaders clarify their brand message. Combined, Don's books have spent more than a year on the New York Times Bestsellers list Don is widely considered one of the most entertaining and informative speakers in the world. His audiences are challenged to lean into their own story, creatively develop and execute the story of their team, and understand the story of their customers so they can serve them with passion.

From ***Coach Builder: How to Turn Your Expertise Into a Profitable Coaching Career*** by Donald Miller. Copyright © 2023 Donald Miller. Published by arrangement with HarperCollins Leadership, a division of HarperCollins Focus, LLC. ISBN 978-1400226962. Published by Soundview Executive Book Summaries®. Copyright © 2024 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. 4614

· Book 17 of 67 ·

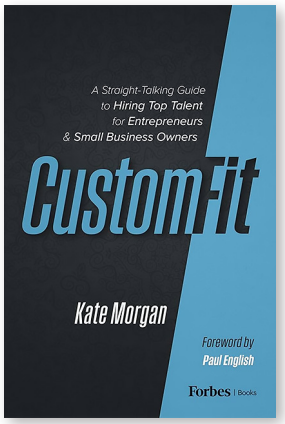
# Custom-Fit

Kate Morgan

Executive Book Summaries®

# Custom-Fit

## A Straight-Talking Guide to Hiring Top Talent for Entrepreneurs & Small Business Owners




*by* **Kate Morgan**

## Contents

The Peopleing Paradox: Dealing with the Feels When Building Your Dream Team
*Page 2*

Tailoring Your Culture Through Core Values
*Page 3*

HiPOs: Unconventional Strategies for Finding Custom-Fit, High-Potential Employees
*Page 4*

Hiring Your Game Changer: Operations
*Page 5*

Reference Strategies: The Final Fitting
*Page 6*

## THE SUMMARY IN BRIEF

A single bad hire can drain a small business of time, money, and momentum; sometimes setting growth back months or even years. In lean organizations, every employee plays a critical role, so the wrong fit isn't just an inconvenience; it can cause catastrophic damage. That's why small business owners need a hiring process built specifically for their unique size, culture, and growth stage; one that reduces risk, avoids costly missteps, and ensures each new hire truly contributes to the company's success.

In ***Custom-Fit: A Straight-Talking Guide to Hiring Top Talent for Entrepreneurs & Small Business Owners***, Kate Morgan delivers exactly that. Drawing on over 25 years as a talent acquisition expert and founder of Boston Human Capital Partners, she provides a practical, no-nonsense framework for developing a "custom-fit" hiring system that works for companies with fewer than 25 employees.

Morgan blends emotional intelligence with data-driven decision-making, helping founders align hires with core values, design insightful interviews, and create a hiring plan that fuels long-term growth. Packed with candid stories and actionable strategies, this book shows entrepreneurs how to hire smarter, faster, and with greater confidence.

## IN THIS EXECUTIVE BOOK SUMMARY:

- Learn how to define your company's core values and use them as a hiring compass.
- Understand how to structure interviews to reveal candidate potential beyond résumés.
- Build a hiring plan that fits your size, resources, and growth stage.
- Avoid costly mis-hires by learning from real-world hiring successes and failures.

## INTRODUCTION

As entrepreneurs, we have an innate, heightened sense of responsibility and purpose. We want to change, improve, and develop products and services that will improve the world. We aren't on this world to roll with the status quo – we want to create a greater impact. Of course, that also comes with its own unique set of challenges – otherwise known as *people*.

Hire wisely, and your team will create a competitive advantage in your market. But hiring even one bad apple can keep you awake at night, drive you to drink, and question the validity of your sanity. This is why, the sooner you can establish sound hiring practices, the greater our chance of success.

Your company is special, and you need to promote its uniqueness because one size doesn't fit all when it comes to people. The more unique or special your culture, product, or services are, the more you need to celebrate that uniqueness through upping yourself in the game of finding the right talent. You need a custom-fit approach.

## CHAPTER 1
## The Peopleing Paradox: Dealing with the Feels When Building Your Dream Team

A fundamental truth about entrepreneurship is that there is nothing more emotionally charged than the human side of your business. Your employees – your human capital – can be your greatest joy and your biggest headache, often within the same day.

### Human Capital

When we operate companies, we function on two levels: the strategic side and the tactical side. When we think of our people, and we have high emotional intelligence, those sides could start to blur.

My goal is to help put lines in place so you can make solid decisions for the betterment of your organization as a whole while giving your employees the best opportunity for success even before you hire them. This is when "businessing" and "peopleing" go hand in hand, and it's especially true when it comes to hiring.

### The Costs of Hiring

Regardless of the size and stage of a company, getting hiring right is critical. The cost associated with a bad hire in a start-up or small company will be monetarily compromising but, more significantly, a royal pain in the ass on an emotional level.

To quantify what a bad hire can cost, calculate the:

- Time it takes to find a replacement
- Cost associated with finding a candidate
- Time lost in getting a new person up to speed
- Low team morale when someone leaves
- Cost for shoddy work performed by teams with low morale
- Legal costs

Add the costs directly tied to recruiting, salary plus benefits, and training, Then consider the costs associated with lost time, schedule slips, direct impact on clients and customers, and going through the recruiting process again, which takes up more time and resources. Pretty serious math, right?

### Hiring Plans

The old adage of "hire slow, fire fast" tends to be easier said than done when you're running a small business. Having a well-thought-out hiring plan in place will help you immensely.

Here are some key reasons why a hiring plan is crucial:

- **Competitive advantage**
- **Proactive planning**
- **Employee well-being**

WHEN TO IMPLEMENT A HIRING PLAN

The first step in developing a hiring plan is understanding how your hiring should align with the timing of your business objectives and goals ascertainment. A hiring plan is *not* the recruiting process; it simply outlines the levers that align with your business plan in order to help you think through when you hire and for what roles. Timing plays a big role, and a good hiring plan will have milestones in place that follow your business and financial growth.

### The Requisition Process as Part of the Hiring Plan

A way for your team to start to understand that you are serious about hiring and that you want to approach it with a sense of purpose is through creating a requisition process. This is done even before the job description is created. You can think of the requisition as structuring data to legitimize the cost of hiring someone and the direct impact on your bottom line.

When establishing core values, understand that these will be the basis for your cultural edict—the norms for how your team members will fundamentally operate with one another.

Here are some quick steps on how to create a requisition process:

1. **Create a brief overview of the primary duties and responsibilities of the role.**
2. **Create the justification for adding a person to fulfill the role.**
3. **Identify the job title.**
4. **Provide a salary range.**
5. **Add approvals that include all parties involved.**

## CHAPTER 2
## Tailoring Your Culture Through Core Values

### Authentic Core Values

The likelihood of a culture creating a thriving company increases exponentially when you invest the time and care into developing your unique core values. Your authentic core values are also indicators of what candidates will need to possess to be successful in your organization. Hiring people who embody your core values ensures your culture's staying power.

When establishing core values, understand that these will be the basis for your cultural edict—the norms for how your team members will fundamentally operate with one another. If you embrace your core values and hire and fire to them, you will have a clear path to your cultural edict. In time and with consistency, your edict will evolve into your company ethos.

### Defining Your Core Values

In Gino Wickman's book *Traction*, he provides an exercise to help you define your core values. The exercise begins with identifying three people who stand out to you. Then, list as many attributes as you can for each person that stands out. After that, narrow the list to three to seven core values.

Gino encourages you to think about them for thirty days before really settling on them. The reason for this wait time if that the interpretation of words can be nuanced, and if you want to be crystal clear on your message, you need to be "wicked" confident that they are delivering with impact.

### Hiring on Core Values

Once you feel confident in having defined and communicated your core values, you'll start to incorporate them into your interview process. If candidates have those core values intrinsically, we know they possess the foundation to become custom-fit team members, allowing us to train them quickly and efficiently.

## CHAPTER 3
## Job Descriptions: The Blueprint for Your Competitive Advantage

The job description is an opportunity for people to get a peek under the hood of your organization from a candidate's perspective. A well-written job description helps people get a better feel for who you are and who they will be in your organization, if they are selected for the role.

JOB DESCRIPTION PREP

Before you write the job description, here's a few critical considerations to think about:

- Internal considerations:
  - Hone in on exactly what problem your company needs to solve.
  - Have true clarity on what success means.
  - Calibrate your team on who and how to interview.
- External considerations:
  - Clarity around what it means to work for your organization – adherence to your core values.
  - Help your candidates understand the challenges you are asking them to take on.
  - Understand how they will be measured once they are hired.
  - Provide a vision of how they will impact your organization.

### The Success-Staged Approach to Job Descriptions

Success Staging is a more comprehensive way to think about a job description. Just as you might have thought about your company's business plan when you were first launching, thinking through a position should have the same care in developing the goals and vision. The most critical piece in Success Staging is knowing what entrepreneurs want the person to accomplish over the next three, six, nine, and twelve months.

JOB DESCRIPTION STRUCTURE:

1. THE COMPANY – An overview of the company; if you have an "About" section on your website, you already have this content; simply tweak it and use it in your job postings.
2. THE POSITION – Think of the position summary as your pitch to a candidate; it should focus on why the role is integral to your operations.
3. PRIMARY OBJECTIVES – IN INCREMENTS – The most important aspect of this part of the job description is outlining the role's expectations over a twelve-month period, broken down into specific time increments.
4. KEY CHALLENGES – No job is perfect, so talk through what some of the challenges look like. Be candid. Do not gloss over these points.
5. HOW SUCCESS WILL BE MEASURED – Explain what accountability looks like by providing specifics to how and individual will be measured, giving a behind-the-scenes view on expectations. This is key for a candidate to know in order for them to determine if they are up for the task.
6. REQUIRED SKILLS AND EXPERIENCE – Be careful you aren't suddenly turning this into a hunt for a unicorn. If you have laid out expectations clearly over a timeline, it should make sense why skills and experience come into play since you are breaking it down to more specifics.

## CHAPTER 4
## HiPOs: Unconventional Strategies for Finding Custom-Fit, High-Potential Employees

If you want to unseat your competitors and take your business to the next level, you need to hire people with high potential (HiPO). This will mean taking a holistic hiring approach to find people who are a culture fit and deliver results. The irony of trying to find these HiPOs? These are the very people who are often overlooked.

When we survive tragedies and severe hardships, we can develop mental resilience, which is a key attribute of HiPO employees – those people who will go into any market, any economy, and will outperform their peers time and time again. These employees are the ones who will be ready to tackle anything as long as you give them support, respect, and encouragement.

There is no direct correlation between success and someone with a degree from a highly regarded school versus someone coming out of a letter school – or without a degree. The Ivy League school someone attends might give them access to people in high places within big companies, but it won't grant them an instinct for action.

As a leader, you owe it to your business and the employees to focus more on looking outside the box while relying on your core values to evolve your ability to determine who is an HiPO.

Your HiPO Hiring Action Plan:

1. Rethink your hiring criteria
2. Implement work product assessments
3. Adopt the business plan approach for executive and more strategic hires
4. Train your hiring team
5. Look beyond traditional backgrounds

Remember, finding HiPOs isn't about checking boxes on a résumé. It's about identifying people who are *your* custom-fit. You're looking for people who have that special blend of resilience, drive, and ability to get things done.

## CHAPTER 5
## Letting Go to Level Up: Making the Shift from Solo to CEO

Moving from being an independent contractor to an employer is an emotionally complex journey. Before taking this significant step, stop and ask yourself:

- Can someone else deliver the quality of work your clients expect, and are you ready to trust them to do so?

Remember, finding HiPOs isn't about checking boxes on a résumé. It's about identifying people who are *your* custom-fit. You're looking for people who have that special blend of resilience, drive, and ability to get things done.

- Do you have the mindset and skills to be an effective leader rather than just a talented individual contributor?
- Are you prepared to step back from hands-on client work to focus on strategic business growth?
- Can you let go of the tasty dose of dopamine that comes from directly serving your clients and solving their problems?
- Are you ready to find satisfaction in your team's successes rather than your own tactical wins?

### Progress over Perfection

Shifting from solopreneur to entrepreneur is not easy, but the rewards are tremendous. You will experience the thrill of the build and all the impact you'll have on those you employ and the customers you service. And as you stretch outside of your comfort zone, you will grow personally and professionally. But before that happens, there are additional hurdles you'll need to overcome. Perfectionism is one of them.

Perfectionism and the need for control are intertwined. They both stem from our fear of letting go and then failing. The problem with perfectionism and needing control is you will drive your employees away or drive them into paralysis as they submit to their fears of failure.

### Custom-Fit Your Foundation: Your Playbook

A playbook helps build the trust that someone else can deliver the quality of work your clients expect. Teach your people your processes and methodologies, but also allow some flexibility for the nuances. Your playbook is where you outline those processes and methodologies. This will contain your "secret sauce" for success with your clients and help ensure your team operates to your identified standards.

## CHAPTER 6
## Hiring Your Game Changer: Operations

Hiring an operations person isn't a luxury—it's a strategic necessity. Yes, it's overhead. Yes, it stings financially. But trying to do it all yourself is like putting your business in a chokehold. Unless you enjoy this part of businessing, you're not being "fiscally responsible" by handling operations yourself—you're actually limiting your company's growth potential and probably doing a mediocre job of both operations and strategy.

### What to Look for in Your Operations Manager

To find an operations person who is custom-fit to your organization, you'll do well by applying the takeaways on Success Staging your job description. Consider these initial questions:

- What is the vision for the role?
- What impact does the role have on the company?
- Without having this role, how does it negatively impact your company?
- Who will they interact with – what people (by title) and/or departments?
- What type of person do you want to attract?
- What are the unique challenges they will be faced with?

## CHAPTER 7
## The Tailored Trailblazer: Your First Sales Hire

Finding the right person to lead your sales activities can make or break your start-up. They still need to possess your core values and be able to deliver on expectations for the role. And they'll certainly have to have that "instinct for action." But to successfully hire your first salesperson, you will need to have a deeper understanding of the role overall on a more intimate level.

There are two things you need to have in place before you start interviewing for your sales position: what type of person you are looking for and having a compensation plan in place.

### Who to Look For

Here's what you need in your first sales hire:

1. **Vision and core values**

2. **Entrepreneurial-minded**
3. **Emotionally stable**
4. **Understand the market**
5. **Technical chops**

Here are two things to avoid when considering your first sales hire:

1. **Money-driven**
2. **Large organization experience**

Culture, too, will play a role in whether they will be a fit. Again, it is our responsibility to be true to our process. Interview objectively and make sure that you have them present a business plan.

### Compensation: Setting Everyone Up for Success

Compensation planning needs to start with realistic – if not conservative – estimates of your sales cycle length.

One effective approach is implementing a base salary plus bonus structure tied to miles by objective (MBOs). If MBOs don't sit right with you, another compensation option is to consider non-recoverable draws and recoverable draws to get your new sales rep up to speed. A draw is simply a commission that is given to keep a person closed to "whole" on their on-target earnings.

Consider adjusting commission rates based on the type of sale:

1. **For existing customers (easier sales):**
   - Set the commission rate closer to 20 percent
2. **For new clients (more challenging sales):**
   - Set the commission rate closer to 30 percent

## CHAPTER 8
## Reference Strategies: The Final Fitting

Reference checks often get treated like a box-checking exercise at best, or dismissed as worthless at worst. But here's the thing: if you're doing reference checks just to confirm someone worked where they said they did, you're missing the point entirely. Reference checks aren't about getting a thumbs-up or thumbs-down—they're about understanding what environment will help your potential hire thrive.

Your reference-checking goals and techniques should be determined before you hold the call with the reference. With those – and your key questions queued up – you'll have a solid strategy in place for this final stage in your hiring process.

ESSENTIAL QUESTIONS

- How long did you work with the candidate?
- What was your relationship with the candidate?
- How do you rate their ability to comprehend, analyze, and solve problems?
- How do they respond to crises? What is their response time, communication, and creative resolution in those situations?
- Do they work better collaboratively or independently?
- Did they meet or exceed expectations? Where can they improve?
- What organizational attributes help them succeed?
- How do they handle new situations with limited knowledge?
- What's your most memorable experience with them?
- Would you hire/work with them again?
- Is there anything else a company considering hiring this candidate should know in order to help the candidate be most successful?

## CHAPTER 9
## Breaking Up Is Hard to Do

You pour your heart and soul into finding the right person, and you think you've nailed it. Then, reality hits. The star candidate who wowed you in the interview? Maybe they're not so shiny when they actually start working. Perhaps they're just not cutting it performance-wise, or maybe they're bringing a toxic attitude that's dragging everyone else down.

Here's where a lot of entrepreneurs get stuck: they know they need to fire the person, but they keep putting it off. They may be worried about the hassle of hiring and training someone new, or they're afraid of conflict.

Once you do make that decision and act on it, you'll see it was similar to any bad relationship. You will realize that there were many aspects and layers you were unhappy with but you dealt with them in hopes things might get better.

### To Fire of Not to Fire

Here is a pretty simple, black-and-white chart of legal and illegal reasons to let someone go. If you're dealing with something you believe is in the gray, do not hesitate to get in touch with an attorney.

**Legal Reasons**

- Difficult/combative interaction
- Ineffective at their job
- Tardiness/attendance
- Substance abuse
- Falsifying records
- Using company resources for personal benefits

**Illegal Reasons**

- Sexual orientation/gender
- Race, religion, etc.
- Retaliatory/whistleblower
- Pregnancy
- Physical/mental disability
- Related to Family and Medical Leave Act

It is imperative that you monitor your employees' performance against your core values in order to maintain the highest standards. Addressing performance issues early can lead to improvements or amicable separations. And while it can be tough sometimes, it is critical to get comfortable with transparency and conflict when managing people.

## ACKNOWLEDGMENTS

Whether you're an entrepreneur striving to build something extraordinary or a leader determined to create a team that truly fits your vision and core values—thank you. Your dedication to doing things differently, to seeking not just the best talent but the right talent, is inspiring. This work exists because of people like you, who believe in the power of intentionality and the ripple effect it can create. I hope these pages spark new ideas, reaffirm your purpose, and remind you that building a dream team isn't just about business—it's about creating something meaningful.



**Kate Morgan**, founder of Boston Human Capital Partners, is a talent acquisition expert with over 20 years of experience helping small business leaders—particularly those with fewer than 25 employees—hire strategically, build resilient teams, and align new hires with core values. Known for her candid, practical approach outlined in *Custom-Fit*, she blends emotional intelligence with data-driven insights to help entrepreneurs avoid hiring pitfalls, foster authentic workplace cultures, and drive long-term success. Drawing on her own entrepreneurial journey, Morgan supports companies across industries, from VC-backed to owner-operated, while also mentoring future business leaders. A Boston native, she lives with her husband, Rob, and enjoys cultural exploration and visiting her daughter in San Francisco.

***Custom-Fit: A Straight-Talking Guide to Hiring Top Talent for Entrepreneurs & Small Business Owners*** by Kate Morgan. Copyright© 2025 by Kate Morgan. Summarized by permission of the Publisher, Forbes Books. ISBN 979-8-88750-667-8. Summary published by Soundview Executive Book Summaries®. Copyright 2025 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 47SS11A

· Book 18 of 67 ·

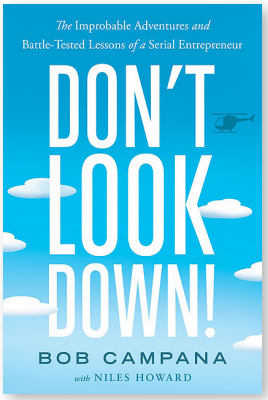
# Don·t Look Down!

Bob Campana with Niles Howard

Executive Book Summaries®

# Don't Look Down!

## The Improbable Adventures and Battle-Tested Lessons of a Serial Entrepreneur




*by* **Bob Campana with Niles Howard**

## Contents

San Francisco, The Entrepreneurial Mind
*Page 2*

Pan Am, Farewell Comfort Zone
*Page 3*

Pools, Balancing Your Business and Yourself
*Page 4*

The Roaring '80s, Managing Staff and Expectations
*Page 5*

Interlude, Evaluating Options
*Page 6*

Rediscovery, Making True Connections
*Page 7*

## THE SUMMARY IN BRIEF

When you're building a business, the hardest part is often staying the course, especially when uncertainty, setbacks, and shifting circumstances test your resolve. ***Don't Look Down!: The Improbable Adventures and Battle-Tested Lessons of a Serial Entrepreneur*** by Bob Campana with Niles Howard speaks directly to that challenge.

Campana's story shows how founders can keep moving toward their vision even when the terrain changes, the risks escalate, or early plans fail to pan out. What began as a personal memoir evolved into a practical guide for entrepreneurs at any stage. Through candid stories of wins, losses, and unlikely pivots, from hot tubs to restaurants to global travel ventures, Campana illustrates how resilience and adaptability shape long-term success. His message is grounded in real experiences: learning from failure, trusting the right people, correcting course when needed, and finding renewed motivation in the work itself.

Campana's humor and honesty make the lessons accessible, but the underlying framework is serious: progress requires persistence, constant recalibration, and a commitment to serving people well. The result is a reminder that entrepreneurial growth is rarely linear, but always possible for those willing to keep climbing.

## IN THIS EXECUTIVE BOOK SUMMARY

- Learn how to stay committed to a long-term vision even when plans shift or early efforts fall short
- Find out how to adapt quickly and decisively to new information, market realities, and unexpected setbacks
- Get tips on how to turn failures into practical lessons to strengthen future decisions, judgment, and strategy
- Understand how to maintain resilience and momentum through changing circumstances and continual reinvention

## Introduction

My entrepreneurial journey was nothing if not winding. Each day brought its own mix of happenstance, risk-taking, "aha" moments, despair, and excitement. Building hot tubs and swimming pools revealed a knack for salesmanship I hadn't realized I had, and this eventually opened the door to an artistic side I didn't even know existed. In my 40s, I took on helicopter piloting—a skill that balanced total freedom with something closer to military discipline. A disastrous first attempt at the restaurant business didn't stop me from trying again, and the second try led to one of the most popular dining spots in Central California.

As part of this incredible journey, I married the woman of my dreams and raised four happy, smart, and generous daughters. I also learned more about my forebears, which helped me better understand the experiences that continue to shape my family. Seeing how they faced and overcame challenges has helped me better understand how change fosters resilience, empathy, and insight—the foundations of true wisdom.

My wife, Lynna, my anchor and wise critic, continually reminds me that age and experience don't automatically bring wisdom. But they do bring a greater appreciation for the journey, the people we meet, and the lessons along the way. These are gifts that shouldn't go to waste. That's why I'm here: to share with current and aspiring entrepreneurs what I've learned, help them find their own paths, and maybe even leave the world a little better than I found it.

CHAPTER 1

## San Francisco, The Entrepreneurial Mind

Entrepreneurs are like immigrants: They hunger for independence and the opportunity to own their destiny. They seek to live on their own terms. They shake off the constraints of tradition and bureaucracy. They eagerly take risks, face challenges, and bounce back from soul-crushing setbacks. That spirit runs deep in my family history.

My paternal great-grandparents came to America from Italy with little more than a dream and the guts to chase it. Their son, my grandfather, ditched a steady job during the Great Depression to start his own meat business. Looking back eighty years later, I marvel at the guts it took to start that business. As someone who has built my own companies, I know how it feels to build something from nothing and how isolating it can be.

My father made a gutsy decision to shutter the family business, pull up stakes, and start a better life in the Sierra foothills. Their stories fill me with admiration and gratitude. They remind me daily that anything is possible if you put your heart, mind, and soul into it. They push me onward.

### Entrepreneurial Life Lessons

- Entrepreneurship may be freeing, but it's a heavy freedom. The weight of every decision falls on your shoulders.
- Networking is more than good business; it's about strengthening human relationships, earning trust, and giving back.
- Founder-run businesses need clear succession plans; it's an essential bridge to a lasting legacy.
- Industries, markets, and businesses have life cycles; knowing when to pivot or let go is a hallmark of wise leadership.

CHAPTER 2

## Murphys, Vision and Values

Running a small business requires a basic grasp of finance, along with skills in operations, marketing, leadership, customer service, strategic planning, legal compliance, and time management. These skills are not innate; they are acquired through a combination of practical experience, mentorship, formal education, self-study, and learning from mistakes.

While essential, they aren't enough to build a successful enterprise. You need vision, resilience, adaptability, and the ability to inspire others through uncertainty and challenges. Those qualities arise from personality traits like curiosity, decisiveness, self-awareness and empathy, and core values such as gratitude, humility, and integrity. You don't pick these things up from books—they come from family, schools, churches, and community. I'm not the best judge of which of those qualities I have or to what degree, but much of the credit (or blame) for developing them goes to my adolescent years in Murphys, the little Sierra foothills town.

I came of age in the prosperous 1950s and 1960s, when postwar optimism flourished, and the "good life" seemed achievable and inevitable. Where my father saw uncertainty lurking beneath every opportunity, I saw endless possibilities. This gave me a much higher tolerance for risk—perhaps even a conviction that opportunity was always there for the taking if you had the guts to go for it.

> Opportunity was always there for the taking if you had the guts to go for it.

A turning point for me was a speech by Wilson C. Riles, a pioneering educator and California's superintendent of public instruction, the first Black person to hold a statewide office. The world was changing, he said, but as we went through life, he hoped we would recall the unique grounding we had and the strong moral fiber we developed. He expressed confidence that, when confronting tough decisions, we would make the right ones. "You will be able to say, 'It's the Murphys in me.'"

I have no idea why, but Dr. Riles's words stuck with me. They planted a deep sense of responsibility in me, a belief that who I was and where I came from mattered—and that my upbringing carried obligations beyond myself. I began to see integrity not just as an abstract ideal but as something grounded in the values of Murphys: community, honesty, and doing what's right.

### Entrepreneurial Life Lessons

- Hard skills aren't enough to build a strong business; you also need vision, resilience, and adaptability and core values like gratitude, humility, and integrity.
- While some fear uncertainty, entrepreneurs see endless possibilities and are willing to take necessary risks.
- Understanding your risk tolerance begins with understanding yourself.

CHAPTER 3

## Pan Am, Farewell Comfort Zone

The entrepreneurial drive may start at home, but it flourishes on the road. Travel broadens perspectives, challenges assumptions, and sparks creativity. Stepping into unfamiliar cultures pushes you out of your comfort zone, forcing you to adapt, problem-solve, and see opportunities where others might not. It teaches you resilience; navigating language barriers, unfamiliar customs, and unexpected setbacks mirrors the uncertainty of running a business.

For me, travel has been an endless source of inspiration, offering fresh insights on how people work, live, and consume—lessons I've applied to business ventures in ways I never could have predicted from behind a desk. No matter how different people seem on the surface, they share fundamental needs—connection, trust, and meaning—values that are as essential in business as they are in life.

When I set off around the world at age 21, I didn't realize how formative it would be or how it would shape the course of my life and career. But it planted a seed of curiosity and wanderlust that has guided many of my choices since.

### Entrepreneurial Life Lessons

- Growth comes from leaving your comfort zone and pushing boundaries.
- Achieving meaningful goals requires understanding your priorities and making sacrifices.
- True fulfillment begins with appreciating your circumstances and recognizing the value of what you already have.

CHAPTER 4

## Hot Tubs, Making Rookie Mistakes

Ambition and energy are fine qualities for any would-be entrepreneur, but charging blindly ahead can lead you down a rocky road. I learned that the hard way. I was back where I had left off eight months earlier, but poorer. My bank account was empty, and I had no car, no source of income, and no plan. My parents were so happy to have me home that they weren't hassling me to pay rent or buy food. Still, I couldn't just sit there and do nothing.

Jim Farrell, a high school friend who had moved to San Francisco, invited me to a hot tub party in Marin County in the summer of 1976. I had never heard of a hot tub. He said ex-hippies communed half naked in outdoor bathtubs, smoking dope and exorcising their inner demons. "It should be fun." I wasn't sure about that, but I had nothing better to do. I was up for anything.

Barden Stevenot, an acquaintance and a successful real estate developer, perked up when I mentioned the hot tub party and pulled out a newspaper clipping about Pacific Gas and Electric selling off miles of old redwood pipeline in the mountains for next to nothing.

Barden called. "If I bought the redwood, would you help my crew make hot tubs?" We would haul pipelines down from the mountains, craft the tubs in a vacant vineyard barn, and sell them to locals. He would pay me an hourly wage for work in the shop. Once the tubs were built, I had the option to buy them on credit and sell them for whatever retail markup I could get. I knew nothing about building hot tubs and had never sold anything, but what did I have to lose? On the eve of my 23rd birthday, my hand shook with excitement as I signed an agreement and became an entrepreneur.

After a month, the newly formed Vintage Hot Tubs company had five beautiful redwood creations ready to go. Before long, my partner and I were selling one or two custom-size hot tubs a week.

Collaborating with my partner revealed a side of him I found unappealing. He often approached the business lightly, treating it as a lark rather than a serious endeavor. I suggested tactfully that I be the face of the business and that he stick to installation. I decided that selling was my true calling. World travel had given me an air of sophistication and an easy manner that the average 23-year-old lacked. I look back on that realization as a turning point in my life.

In its first year, Vintage Hot Tubs sold and installed nearly one hundred units and grossed half a million dollars. By 1980, the surging popularity of hot tubs had attracted major players, which transformed hot tubs into mainstream products. At the same time, wooden barrel hot tubs were losing their charm; the wood fibers broke down from excessive chlorine and the barrels were prone to leaks. Despite my insistence that redwood tubs looked nicer and were more comfortable, customers stopped listening—it was hard to argue against style and personal taste. It became clear I was fighting a losing battle.

### Entrepreneurial Life Lessons

- Ambition and drive are essential for any aspiring entrepreneur, but rushing forward without a plan can quickly lead to trouble.
- Entering into business partnerships too quickly often leads to costly and lasting regret.
- The best partnerships succeed when each partner leverages their unique strengths effectively.
- Luck can easily masquerade as skill—stay grounded and don't be fooled by it.
- Prioritize long-term goals over short-term wins to build enduring success.

CHAPTER 5

## Pools, Balancing Your Business and Yourself

Business success requires constant adaptation such as reading trends, pivoting fast, and being agile. I was in the right place at the right time as Modesto, a fast-growing city in California's Central Valley, surged. Its population neared 107,000 in 1980, up 75% in a decade, fueled by demand for agricultural products. Families flocked in from San Francisco and Sacramento, seeking bigger and cheaper homes. And those new homeowners wanted swimming pools.

So I had an idea: Why not build swimming pools? While installing hot tubs, we watched them being built, and it didn't seem that complicated. With the custom hot tub market slowly drying up, what did we have to lose?

Changing our name from Vintage Hot Tubs to The Vintage Company, we entered the swimming pool business without capital, customers, or reputation. I would sell; my partner would oversee the work.

The next five years earned me a PhD in the school of hard knocks. I learned to deal with no-show subcontractors, soothe irate customers, and reassure humorless bankers, several times coming within a hairsbreadth of going broke.

Although convinced I was a natural salesman, I knew I needed to learn professional skills. I embarked on a journey of self-education to master the art and craft of selling. My car became a mobile classroom, a traveling MBA program. I soaked up every bit of knowledge I could find.

The endless juggling wore me out. I was stressed, sleepless, and always thinking about what could go wrong next. I relied on Zig Ziglar to cope with the stress and challenges of running an enterprise that was growing almost faster than I could handle. His motivational book *See You at the Top* gave me a sense of control and honed and enhanced both my communication and selling skills, both critical for maintaining client relationships and staying motivated.

### Entrepreneurial Life Lessons

- Tackling new challenges demands a mix of bold action and blissful naivety.
- First impressions are powerful; they establish expectations that can last indefinitely.
- Continuously self-educate to refine and enhance your professional skills over time.

> Luck can easily masquerade as skill—stay grounded and don't be fooled by it.

- Focus less on logistics and more on how you improve customers' lives.
- Clearly manage customers' expectations from the beginning to avoid future misunderstandings.
- When customers get upset, fairly or not, let them vent, then ask how you can make it right.
- Develop the right emotional mindset to balance the weight of responsibility of running a business.

CHAPTER 6

## The Roaring '80s, Managing Staff and Expectations

The 1980s were a decade of ambition and chaos. As my business grew, managing staff became a juggling act, clients tested my patience, and partnerships sometimes felt like a wrestling match. Each challenge forced me to sharpen my instincts and figure out who I really was—not just as an entrepreneur, but as a person trying to stay upright.

By 1993, The Vintage Company had twenty trucks and almost one hundred employees. We were one of three contractors in the Modesto area that could construct swimming pools without using subs. Having full control over a project was a significant competitive advantage.

Money and emotions are a volatile mix. If I got three or four pieces of information in a given morning that cost me thousands of dollars because someone didn't do what he was supposed to, everyone felt the heat. When things didn't go my way, I acted on emotion. I'd get angry and yell. I'd take it out on someone, even though it might not have been his fault. Over time, I realized that it was hurting morale and productivity.

It took years to fully change my ways, but I finally did so in the late 1990s, with the help of Robert Kiyosaki, whose book Rich Dad, Poor Dad stressed the importance of mastering delegation. This shift in mindset helped me realize that the key to growing my business wasn't just about working harder; it was about working smarter.

Managing my sprawling construction mini-empire increased my management workload. As in the past, I turned to virtual mentors, aka visionary authors, for advice. *The E-Myth* by Michael Gerber was at the top of the pile. The book title stood for "entrepreneurial myth—the notion that small business owners are natural entrepreneurs."

Gerber enlightened me on another aspect of growing a business that greatly influenced me in the years ahead. He said a successful company wasn't just about doing something well; it was about doing it repeatedly with the same result each time. Growth was about scalability, and scale required a system.

### Entrepreneurial Life Lessons

- Profit may be the ultimate goal, but steady cash flow sustains growth.
- Blended teams of specialists and generalists achieve more than isolated experts.
- Unseen bottlenecks are often the greatest barriers to productivity and progress.
- When hiring, prioritize a positive attitude over technical experience—it makes all the difference.
- Successful entrepreneurs focus on building their businesses, not getting lost in daily tasks.
- Scalable systems drive sustainable growth far better than aiming for technical perfection.
- Delegation is essential; micromanagement erodes trust and undermines team independence and strength.

CHAPTER 7

## Exit, Seeking the Next Challenge

What is it about the thrill of flying that attracts entrepreneurs? Does it tap into something deeper in our DNA—the lure of risk and independence? After a year of reading, studying, and soaring, I passed the three-part Federal Aviation Administration pilot's license exam. Flying gave me a bird's-eye view of the Modesto area, where there were many more barren yards—unbuilt pools, potential sales.

I had a thought: Buyers could customize their new homes with paint, flooring, appliances, sidewalks, and patios. Why not pools? Within three years, those prearranged pools accounted for half my pool projects, nearly doubling our

monthly revenue by early 1999. Although I kept a personal eye on every project, I had seasoned job supervisors who had risen through the ranks, knew my standards, and had my trust. On paper, my partner was the chief operating officer to whom they nominally reported, but he was often missing in action.

Entrepreneurship can be isolating, which makes support networks a crucial factor in entrepreneurial success. Building a business is tough; the emotional and mental strain can be overwhelming. Without a network, the pressure can pile up. But with strong support, you're not going it alone.

Also, the life cycle of a small business resembles that of fruit: It gets pollinated, matures, ripens, and eventually rots. I didn't want to see The Vintage Company reach that final stage. So, in early 2004, I quietly put out word that it was for sale. Richard Townsend, the owner of Aqua Pool and Spa, phoned. I knew him only slightly but couldn't have been happier to hear from him, as he was one of the few competitors with the financial resources to buy me out. "Maybe we should talk," he said. Two months later, we signed the papers.

### Entrepreneurial Life Lessons

- When issues arise, it often feels easier to ignore them or hope they'll resolve on their own. They won't.
- The entrepreneurial journey is a series of interactions with other people.
- The life cycle of a small business resembles that of fruit: It gets pollinated, matures, ripens, and eventually rots.
- The entrepreneur who knows himself also knows when to exit.

CHAPTER 8

## Interlude, Evaluating Options

After selling their companies, successful business owners often find themselves bored and twitchy. They've spent years in the trenches, building up their empires, only to wake up one morning with no fires to put out, no deals to chase, and nothing but time on their hands. It's like going from a war zone to a knitting circle.

I could relate. Fortunately, I had more options than most entrepreneurs. While building the pool business, I had also developed a couple of side gigs. One was in residential real estate, where I invested in and built speculative houses. Another was a wedding banquet business that I started in an old building I had acquired years earlier for storing pool construction supplies. In addition to those two ventures, I also had an idea for a third business aimed at helping other entrepreneurs sell their companies.

I set my sights on becoming a Certified Business Intermediary (CBI). Think of a CBI as a real estate broker who swaps small businesses instead of houses. They handle it all—valuations, negotiations, everything short of packing boxes for the new owners.

The Commerce Department had this massive database that classified every business under the sun with Standard Industrial Classification (SIC) codes. While digging into SIC data, I noticed something curious: in nearly every industry, a few businesses stood out, head and shoulders above the rest.

Seeing it on paper only confirmed what I'd always suspected: success was about capitalizing on what others missed. This data-backed realization underscored why focusing on the right improvements could turn a mediocre business into a moneymaker.

### Entrepreneurial Life Lessons

- Retired business owners can face boredom—even depression—unless they find a new mission.
- Most businesses for sale are struggling. Their owners are desperate to pass on their headaches.
- A mediocre business can contain the seeds of a money-maker if a buyer knows where to look.

CHAPTER 9

## The Redwood Café, Finding the Hidden Gem

The path to success rarely runs straight. Sometimes, what looked like a dead-end or a modest side gig transforms into something significant. Ambitious entrepreneurs are flexible and alert to opportunities, both within and beyond their familiar territories.

Building a fine-casual restaurant was one of the most fulfilling experiences of my business career. The Redwood Café hosted many quinceañeras, celebrating girls' fifteenth birthdays over the years. Tequila-drinking crowds would spill into the parking lot of the Mormon meeting house next door. Given Mormons' antipathy to alcohol, I was not surprised when church leaders suggested selling me an acre of church land to expand our parking lot.

> Success was about capitalizing on what others missed.

The Mormons eventually offered two and a half times the appraised value to buy the place, and I thought, *Either take it or spend the rest of your life regretting it*. The sale secured my retirement. In the end, I decided to cannibalize what I could of value from the old restaurant, walk away, and watch the bulldozers trash it. But honestly, that was fine by me—I'd secured my future and moved on.

### Entrepreneurial Life Lessons

- Ambitious entrepreneurs are flexible and alert to opportunities, both within and beyond their familiar territories.
- Skills acquired in one endeavor can provide a fresh perspective in another industry, catapulting them to the front of the pack.
- Relying solely on enthusiasm without a strong grounding in business fundamentals is a recipe for failure.
- Businesses need room to grow organically; push too hard, and you might make strategic mistakes you'll later regret.

CHAPTER 10

## Rediscovery, Making True Connections

As we age, life becomes more routine. But the human spirit craves knowledge and new experiences. Wanderlust is in our hearts—at least, it was in mine. I vowed to continue traveling and seeing the world as long as I could wheel a suitcase.

Unfortunately, the COVID-19 pandemic shelved such plans for the near future. To satisfy my cravings, I idly scanned online real estate listings to see what opportunities desperate property owners might offer a cash-ready and patient buyer. An Australian travel company's for-sale ad caught my eye. It conducted aficionado wine tours through Italy, France, Spain, Australia, and New Zealand.

My interest was driven by more than a personal urge to hit the road. The COVID-19 crisis had laid bare unsettling truths about society's trajectory. Standing six feet apart, with masks hiding our expressions, suspecting strangers of being walking viral loads, felt like a grim metaphor for the way people were drifting apart in modern life. I'd seen firsthand how travel, done right, could be a partial antidote to this loneliness. The travel business as I envisioned it would invite people into my world, diving deep into cultures, not just skimming the surface. I wanted to give people experiences they would have no way of creating independently.

Registering my new venture as Redwood Café Tours, I got a California travel license. Then I approached the travel industry like an archaeologist, with a shovel, a brush, and a very vague treasure map. How would this thing work exactly?

That's where Lino Mansoni, my son-in-law, came in. Lino, Katrina's husband, was well traveled, multilingual, and sharp as a tack, with a background that included tech stints in Dublin and San Francisco. Lino and I both agreed that the future was in luxury, small-group travel. People wanted immersive, customized experiences—the opposite of mass-market tours—and they were willing to pay for it.

### Entrepreneurial Life Lessons

- Loneliness has become a tragic epidemic, gnawing at the social fabric with grim determination.
- Unfamiliar landscapes, cuisines, and cultures provide a sense of purpose and create opportunities for meaningful human connections.
- Although innovation and strategy are essential, it helps to be in the right place at the right time.
- Ventures rarely move at the pace you'd like; they run on their own time.

CHAPTER 11

## YouTube, Learning New Tricks

They say there's no zealot like a convert. I never imagined that, in my later years, I'd dive headfirst into social media. But on the eve of my 70th birthday, I launched *GetBack-2Work!*, a YouTube channel for people to follow along as I built new restaurants, flew over the Central Valley, and explored the world. I had decades of experience to share, with plenty of new adventures ahead. The learning curve was

steep, but every video taught me something—from lighting techniques to storytelling. Authenticity was key.

While the restaurant game was for a younger, more energetic soul. I figured I'd focus on the tour business. But then Ed Maring, the 85-year-old grandfather of my third daughter Audrey's husband, Zachary Maring, came to me with a pitch. He wanted to turn a historic building he owned in the small town of Patterson into an upscale dining spot. Hard to say no to family, especially when Ed was looking at this as his legacy.

I hesitated, questioning if I had it in me to tackle another major project. But once committed, I went full speed ahead—there wasn't any other way I knew. Typically, a project like this would need a big team, but I took on a lot of it myself—not out of a Superman complex, but because every detail mattered.

The Old Water Office, a Redwood Café Group Restaurant, was set to open in January 2025. My experienced team would run it. With the community's support and Ed's standing in town, I thought it might just be the crowning achievement of my career.

### Entrepreneurial Life Lessons

- Although technology contributes to loneliness, it can also connect people, share experiences, and create bonds.
- In a new venture, enthusiasm, a fresh eye, and the desire to learn often trump experience.
- Successful people have a good sense of who's genuine and who's not.

CHAPTER 12

## River Islands, Creating a Legacy

What was I to make of that creative energy, that mysterious life spice that drove me on even after I'd scaled so many mountains and checked off all unmet financial needs? I still had the same entrepreneurial hunger I'd felt at age 21 and the energy to go with it.

One bright April morning, I received a call from the assistant to the CEO of The Campay Group, a company that owned River Islands, a sprawling development in Lathrop, twenty miles north of Modesto. She said her boss, Susan Dell'Osso, a fan of the Redwood Café, wanted to talk about a potential business relationship. Susan got straight to the point: While River Islands had lakeside beauty, prospective buyers wanted more than nice views. They wanted a sense of community, with shops, gathering places, and a splash of urban flair to keep things lively. And one of those essentials? A first-class restaurant.

Over the following weeks, Susan became my collaborator on what was shaping up to be my biggest project since selling the construction company. Even as our lawyers hashed out a contract, she looped me into meetings with people who'd work on the proposed Redwood Café at River Islands. Her team suggested a prime lakeside lot in a commercial area that would serve as the heart of the community.

In meetings over the next weeks, I understood why they needed me. They had highly trained professionals at their beck and call, but American housing had become homogenized; developments all looked the same. They wanted my ideas and sensibility. I would oversee the interior design, decor, exterior landscaping, lighting, and more.

River Islands offered me something rare: a chance to create something that would outlast me. Designing a restaurant, maybe a Napa winery, even adding public art to the landscape—this let me contribute to a legacy. Years from now, when I'm long gone, people might encounter my work, may even be influenced by it. That idea stirred something deep. It was a curious satisfaction, knowing that part of me might live on in these projects. Not everyone gets to shape a place, to leave a legacy in stone and steel. But there, in that work, I'd found a way to do just that.

## Conclusion

As I began exploring my past, my family, and the businesses I had built, I realized I did have plenty of hard-won lessons to impart through my story. Ultimately, there's no formula, no foolproof recipe you can rely on to become a successful entrepreneur. But I have found the following bits of wisdom hold true above all others:

**Curiosity is everything.**

**Adaptability is survival.**

**Persistence beats talent.**

**Seek wisdom, not just knowledge.**

**Embrace the mess.**



**Robert "Bob" Campana** is a California builder, landscape designer, real estate developer, restaurateur, and serial entrepreneur. Born in San Francisco and raised in the Sierra Nevada foothills, he left a backwoods survey crew at twenty to travel the world—a journey that reshaped his ambitions. Back home, he launched a redwood hot-tub business that grew into one of California's premier swimming pool companies. He went on to found or acquire several ventures, including Modesto's celebrated Redwood Café, hailed by Yelp as "one of America's most romantic restaurants." In 2022, he created Redwood Café Tours to design luxury small-group adventures worldwide. A licensed helicopter and airplane pilot, he travels widely with his wife, Lynna.



**Niles Howard** is a business journalist, editor, and author who helps leaders tell the stories behind their success. A graduate of Northwestern University, he has held senior editorial roles at *Money* and *Inc.* magazines, where he focused on uncovering the human decisions beneath corporate narratives. After years of persuading powerful people to share what really happened, including risks, missteps, and improbable wins, he now collaborates with executives to turn those experiences into books that matter. Bringing an editor's rigor and a strategist's eye, Howard helps authors shape narratives that clarify leadership, strengthen positioning, and endure beyond the press release.

***Don't Look Down!: The Improbable Adventures and Battle-Tested Lessons of a Serial Entrepreneur*** by Bob Campana with Niles Howard. Copyright© 2025 by Bob Campana. Summarized by permission of the Publisher, Greenleaf Book Group Press. ISBN 9798886453997. Summary published by Soundview Executive Book Summaries®. Copyright 2026 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 48SS01C

· Book 19 of 67 ·

# Elon Musk

Walter Isaacson

Book Snaps™
In-depth reviews of best-selling business books.




## Elon Musk

*By Walter Isaacson*

Walter Isaacson is the author of ***The Code Breaker: Jennifer Doudna, Gene Editing, and the Future of the Human Race; Leonardo da Vinci; Steve Jobs; Einstein: His Life and Universe; Benjamin Franklin: An American Life; The Innovators: How a Group of Hackers, Geniuses, and Geeks Created the Digital Revolution;*** and ***Kissinger: A Biography.*** He is also the coauthor of ***The Wise Men: Six Friends and the World They Made.*** He is a Professor of History at Tulane, has been CEO of the Aspen Institute, chairman of CNN, and editor of Time magazine.

*A Book Review by Soundview*

# From Worldview to Cosmic View

During his Saturday Night Live monologue in May of 2021, Elon Musk poked fun at himself by saying, "To anyone I've offended, I just want to say, I reinvented electric cars and I'm sending people to Mars in a rocket ship. Did you think I was also going to be a chill, normal dude?" Walter Isaacson's ***Elon Musk*** proves the profundity of that statement. In this biography, Isaacson walks his reader through Musk's life from his earliest days under the control of his abusive father through his myriad successes and setbacks of Musk's adulthood. Musk's most well-known endeavors, including with Tesla, SpaceX, Space X's Starlink, and Twitter are explored as well as some of his lesser known endeavors. A few key themes follow Musk throughout his life and propel both his successes and failures. All of these are explored by Walter Isaacson in *Elon Musk*.

## Themes Throughout Musk's Life

First among these themes is Elon Musk's willingness to take risks. To Musk, risk is necessary. Isaacson attributes his affinity for risk-taking in part to his upbringing. Justine, Musk's first wife says, "If your father is always calling you a moron and idiot, maybe the only response is to turn off anything inside that would've opened up an emotional dimension that he didn't have the tools to deal with." Isaacson continues this thought when he writes, "This emotional shutoff valve could make him callous, but it also makes him a risk-seeking innovator." Isaacson further attributes his risk taking to his heritage, breeding, and the "hardwiring of his brain." Musk craves drama, and his former PayPal partner claims he "wants risk for its own sake." This affinity for risk helped him take high stakes chances, and at times, earn high stakes rewards.

Another key theme throughout Musk's life is a reluctance to follow rules just for the sake of following them. He tells his employees that "the only immutable [laws] were those decreed by the laws of physics." In all other cases, when faced with rules, regulations, and specifications, he insists that his employees question everything. He continuously wants to know why things are done the way that they are and who is responsible for instituting particular policies. At times he struggled with rules he saw as inconse-

quential but could not get around. For example, when Tesla was working on the Model S, he noticed the air bag warning label on the visor alerting the passengers of the dangers airbags pose to children. He believed this to be an eyesore, and when an engineer explained that the warning is a legal requirement, he got angry. The company tried to make their way around this rule by altering their cars so that air bags would not deploy if the passenger seat was occupied by a child, but the government continued to insist that the warnings still be included, and this would lead to numerous recalls on Teslas that do not carry the warning sticker. Musk pays attention to the small details.

Throughout the biography, Isaacson points his reader to an Elon Musk who tries to make the world better and who holds himself accountable for making it so. As Isaacson points out, Musk struggles in his relationships because he is frequently incapable of caring deeply about the emotional experiences of his partners, but this does not mean that he does not love humanity as a whole. Isaacson describes Musk's love for humanity as being more of a macro level love. This love for humanity is part of what motivates him to pursue such varying endeavors as Tesla's electric cars, SpaceX, and Twitter. It also is part of what propels him to create a fully autonomously driving vehicle because he believes research proves that many lives will be saved when human error is no longer a factor on the roads.

## Business Endeavors

One of the fields Musk sought to reinvent is the automobile market. When Musk ventured into the electric vehicle market, electric vehicles were considerably less cool than they are now as they had a "golf-cart image," a far cry from the Teslas Musk would go on to create. In an essay he published on Tesla's website, Musk writes, "The overarching purpose of Tesla Motors (and the reason I'm funding the company) is to help expedite the move from a mine-and-burn hydrocarbon economy towards a solar electric company."

One problem he encountered over the years at Tesla was that design was falling behind engineering. For Musk, the car must look attractive if it is going to be a hit. At one point, he believed the cars looked like eggs. To solve this and other problems, he pushed his team to continuous design innovation. He also included numerous Easter Eggs and other innovative if possibly superfluous elements into the car. For example, he made it possible for a farting sound to emanate from the passenger seat of the car. Thinking back to the handle on old Mac computers, he wanted the handles of Teslas to be inviting. While he frequently has to forcibly bring people along with his ideas, he is often able to make his goals a reality, and he has managed to make Teslas fun along the way.

Space travel is also important for Musk because he wants humanity to be able to colonize Mars. He believes, however, that space travel should be in the domain of the private sector because competition fosters growth. He believes space travel is crucial for the future of humanity in case Earth would prove inhospitable for life. It would also allow the human race to survive should all life on Earth cease. He believes that if he personally does not manage to move the space program forward, nobody will. This gave him the motivation to work on SpaceX which eventually not only got a rocket to space but also managed to produce reusable rockets that are able to safely return to Earth.

While Musk's SpaceX seeks to give humanity an outlet should Earth prove uninhabitable and Tesla works to make the planet less dependent on hydrocarbons, with Twitter he seeks to open up free speech and the way money is transferred online. In a well publicized move, Twitter banned former president Donald Trump because of speech it deemed incompatible with their policies. Other individuals and organizations including the Babylon Bee and the intellectual Jordan Peaterson were also banned. Musk believes that Twitter is important in democratizing information. Through a series of moves and calculations, he ended up purchasing the company, but fixing the problems he saw with free speech on the platform was not simple. This was in part because he did not believe that certain types of speech, such as those that undermine democracy or promote violence ought to be protected as free speech. Thus, he was left with the problem of figuring out how to provide an outlet for free speech without also being an outlet that promotes problematic speech. To solve some of these issues, Musk polled Twitter users and then did what the polls called for. At other times, Musk and Twitter executives decided to allow people to post certain messages to their own accounts but these messages would not be promoted throughout the site and could only be reached when searched for. While Musk tries to balance conflicting priorities, he is not free from public criticism. Some see these as shadow bans and oppose their usage.

## Business Practices

Musk has certain principles that he relies on with his companies. One of these is that designers and engineers work together. He also expects his engineers and managers to work in the field so they can understand the problems their work poses. For example, he expects engineers and managers working on solar panels to actually install those solar panels.

Musk also believes in the ruthless cutting of both resources and people. He is constantly seeking to save money in order to make his ideas viable. While at one point, he did this through automation, he eventually came to the conclusion that at times automation causes more problems than it solves. This led him to walk through factories with factory workers, earmarking machines for destruction if people could do the job easier and better. He knows that sometimes when parts or equipment are eliminated, they will need to be added back in. He remains committed to the attempt however as he continuously asserts that if after cuts nothing needs to be reinserted, then enough cuts were not made. In short, he accepts failure as being part of success.

When it comes to his workforce, he is ruthless in cutting people that he does not believe work hard enough or who are not capable of taking criticism and making changes. He expects his people to devote everything to the company and has very little or no concern with work-life balance. Prior to his purchase of Twitter, the company placed a high priority on the mental health of its employees and on making the work environment as

> . . . he eventually came to the conclusion that, at times, automation causes more problems than it solves."

healthy as possible. After Musk, the company no longer prioritizes these things. While massive layoffs occurred at Twitter after he purchased the company, he decided more people needed to be cut. In order to avoid laying off more people, the company decided they would give everybody the opportunity to buy in or buy out of the company after Musk explained his stringent demands. While most people chose to stick with the company, a very sizable minority decided to take the three month severance package and leave the company.

Speed and unrealistic timetables are another one of Musk's trademarks. He frequently charges his employees to do what they believe is impossible in an equally unrealistic time frame. While these time frames are not always met, they have, on numerous occasions, forced employees to live up to the challenge and create what they previously had not believed they were capable of doing. These deadlines serve to both energize and stress his employees, with some thriving and others choosing to leave the company.

## Personal Life

While Musk has high goals, he also has numerous personal demons. When asked if he has bipolar disorder, he responded that he believes he does, but he has never been diagnosed. He has fallen into numerous eras of manic behavior in which Musk works nearly nonstop. Even during the best of times, he is known to sleep under his desk. As is common with bipolar disorder, Musk also succumbs to incredibly deep depressions. These depressive episodes date all the way back to his teen years in South Africa, and they are at times are so severe that he is described as being catatonic. As Isaacson writes, "He would fall into foul moods that led to almost catatonic trances and depressive paralysis. Then, as if a switch flipped, he would become giddy and replay old Monty Python skits of silly walks and wacky debates, breaking into his stuttering laugh."

Musk's personal life has brought him as many triumphs as it has pains. Musk believes that people need to be reproducing at a higher rate than we currently are, and through the ten living children he sired through multiple different women, he has joked that he is doing his part to fix the crisis of under reproduction. Parenthood has brought Musk pain as well. The first experience with this is when his first child, Nevada, died at ten weeks old. Later he would experience heartache of a different kind when he became estranged from his transgender child, Jenna. It is said, however, that Jenna's Marxism is more the cause of their rupture than her transgender identity is. Partly as an attempt to appease Jenna, he sold much of his property and lived in other people's homes. This did not do anything to mend the broken relationship. Musk blames Jenna's eventual turn to communism on the "progressive woke indoctrination that pervaded the Los Angeles private school she attended." Politically, Musk considers himself somewhere in the middle, having difficulties with the extreme sides of both parties.

One of the more steady relationships in Elon's life is with his brother, Kimbal. While the two have experienced difficulties in their relationship at times, they have worked closely together for many years. Errol Musk, the boys' father, was frequently volatile and would accuse the boys of being stupid and idiots. While his sons remained in touch with Errol for many years, and Elon often sent him monthly checks to keep him from suffering too much, the abusive techniques of their father would haunt the boys for years. Elon took a break from his father after he sired a child with Jana, Errol's step-daughter, who Elon and his brother "considered a half-sister." Despite the abuse and heartache Elon experienced at the hands of his father, Errol was not without redeeming qualities and could bring excitement to the lives of his children.

In ***Elon Musk***, Isaacson provides a comprehensive biography of the man who eventually earned the title, Richest Man in the World. The novel explores his childhood in South Africa as well as his move to the United States and his various romantic, familial, and professional relationships. The book focuses primarily, however, on his business endeavors and his various philosophies. While he pushes his employees hard, some would claim too hard, he is depicted, in the book, as being a passionate but tortured man who desires to change the world for the better. Unlike fellow billionaire Bill Gates who focuses his life on philanthropy, Musk believes the best way he can impact the world is through the work of his companies. The book provides a solid foundation into the philosophies and business practices that took a young boy in South Africa to the inner rooms in political, business, and social circles throughout the world.

*Book Snaps*™ is a publication of Soundview Executive Book Summaries®. Copyright © 2024 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. FBR0224A

· Book 20 of 67 ·

# Entrepreneurial Leadership

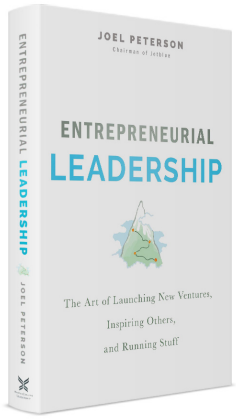
Joel Peterson

soundview
Executive Book Summaries®

# Entrepreneurial Leadership

## The Art of Launching New Ventures, Inspiring Others, and Running Stuff

*by* **Joel Peterson**




## Contents

The World Needs More Entrepreneurial Leaders
*Page 2*

Build Trust
*Page 2*

Create a Mission
*Page 4*

Secure a Team
*Page 5*

Deliver Results
*Page 6*

Map 1: How to Make Decisions
*Page 7*

Map 10: How to Drive Change
*Page 7*

## THE SUMMARY IN BRIEF

Many leaders see their roles as presiders/managers, with a primary focus on keeping results consistent with past performance and on budget. These kinds of leaders make important contributions but rarely leave a mark on the businesses they serve.

For those wanting to make a lasting impact, new skills are required. They need to learn to launch new initiatives, inspire others, and champion innovative approaches. In ***Entrepreneurial Leadership,*** Joel Peterson calls these higher-level leaders "entrepreneurial leaders," and they create durable enterprises that deliver on their promise.

Peterson lays out a path to achieving this leadership, with a series of maps organized around four core philosophies: establishing trust, creating a sense of mission, building a cohesive team, and executing and delivering results. While easy to summarize, these concepts can be difficult to implement. Let ***Entrepreneurial Leadership*** guide you on your journey.

## IN THIS SUMMARY, YOU WILL LEARN:

- What distinguishes entrepreneurial leaders from entrepreneurs, managers, presiders, and administrators.
- To build trust by assessing your values and building your personal brand.
- To set MAD goals to fulfill your mission.
- Strategies to secure a great team and deliver results.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2020 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • Vol. 42, No. 8 (3 parts), Part 2, August 2020 • Order #42-20 • Sarah T. Dayton, Editor-in-Chief • Ashleigh Imus, Senior Editor • Kylie Waytuck, Graphic Designer

## The World Needs More Entrepreneurial Leaders

What is an entrepreneurial leader? In contrast with pure entrepreneurs (who can launch things but can't necessarily run them at scale), presiders (who maintain the status quo but don't create durable change), managers (who simply make the trains run on time), administrators (who create and execute policies and procedures), and politicians (who compromise, rationalize, debate, and legislate), entrepreneurial leaders are able to launch something new, turn around a failing enterprise, and anticipate and make change before they have to.

In an age of disruption, fickle consumers, fast-moving markets, and unprecedented social change, this type of nimble leadership is needed more than ever.

Entrepreneurial leaders demonstrate a particular mindset and an approach to problem-solving. They are change agents. They are intentional, staying true to their vision and agenda rather than only reacting to day-to-day turbulence.

Being an entrepreneurial leader requires setting goals, developing strategies, staffing the execution, making assignments, and measuring results—all within the context of values that support a shared mission. By definition, an entrepreneurial leader can't control or micromanage the execution—but nonetheless, if the execution fails, he or she must be willing to take the heat.

The work of an entrepreneurial leader is messy, largely intangible, and never-ending. Each day brings new problems and new decisions that present ambiguity and shades of gray. Nonetheless, entrepreneurial leadership is the most impactful work any who would become a leader may do—and the world is made better by those who seek out its challenges.

### A Plan for Action

Anyone attempting life's biggest challenges—whether leading teams, companies, families, or just themselves—shouldn't venture out without a clear plan for action, organized into four categories:

- Build Trust;
- Create a Mission;
- Secure a Team;
- Deliver Results.

Building trust is table stakes—the necessary first step to legitimize the leader and give all stakeholders (not just employees) a reason to follow. Creating a mission is necessary because people can't do their best work without a sense of purpose.

Securing a team allows leaders to leverage their own skills and put the best players on the field. Delivering results is the sine qua non of leadership: it's not only required, but it creates a flywheel-like momentum that yields more trust, a clearer mission, the ability to hire even better players. Only with trust, mission, and team providing a firm base may a leader begin delivering on promises.

Too often, society idolizes once-in-a-generation charismatic leaders like Steve Jobs or Herb Kelleher. But one needn't be a natural-born leader. Anyone can develop these skills by following a systematic approach, cultivating the right mindsets, asking the right questions, and applying the right principles and accumulated wisdom. Let's now look at the four categories and some of the steps and maps they require.

## Build Trust

Trust is base camp for preparing the entrepreneurial leader's attempt to lead a team to the summit. Trust animates the mission, is a predicate for recruiting a team, and enhances the interdependencies that deliver results. Without trust, companies can expect to experience political infighting, enterprise-damaging betrayals, and leadership crises.

When trust is established, people come together, turnover declines, and once-transitory change becomes enduring. To move from presider, manager, administrator, pure entrepreneur, or politician to entrepreneurial leader, one must develop a high-trust personal brand.

### Step 1: Assessing Core Values

Unwavering values allow one to behave predictably, which is a requisite for building trust. Therefore, aspiring entrepreneurial leaders should conduct a deep and introspective inventory of their core values, affirming the ones that will help them as leaders and seeking to temper the ones that will be counterproductive. This self-analysis and introspection can be an important part of the journey toward entrepreneurial leadership.

Humility is an important value. Jim Collins, the former Stanford adjunct professor whose books include ***Built to Last*** and ***Good to Great***, has identified humility as a defining quality of the people he deems "Level 5 leaders."

We become what we think about. Decide what you want to be, design your personal brand, and repair the operating system you inherited.

Beyond humility, what other values do successful entrepreneurial leaders have—the kind who inspire trust from and demonstrate trust in colleagues and subordinates?

**Running toward the fire**—to proactively and aggressively attack problems.

**Integrity**—to be whole and undivided, the way an engineer might speak of the structural integrity of a building. Having the core values include this version of integrity means behaving in predictable ways, regardless of the setting. And as others come to trust how you'll respond, you've empowered them.

**The willingness to persevere**—the characteristic Collins describes as "intense professional will."

After taking an objective look at who we are and how we came to be that way, careful introspection will yield an assessment of the forces that guide our actions—our core values. The process of introspection will invariably reveal less desirable qualities among our existing core values—whether a hot temper, self-absorption, lack of empathy, or fondness for status or power. These will get in the way of others trusting us. Only when seen for what they are can these undesirable tendencies be addressed.

## Step 2: Rewriting Your Operating System

Next to knowing one's core values, the most important attribute an entrepreneurial leader can possess is a predictable, reliable, and intentional personal operating system. If that operating system isn't yet as reliable as the leader wants, refining it to that point should be a priority.

Everybody knows what a computer's operating system is. Humans have operating systems, too. An entrepreneurial leader must translate priorities into actions in order to generate results. This begins at the interface between brain and heart—in the "applications" used to solve problems and make decisions. In the same way that an operating system guides a computer's operations, a leader's personal operating system guides his or her everyday actions.

Like a programmer, you can rewrite and repair your own operating system so that it represents your best self and makes you the predictable, reliable leader that people will want to follow. Indeed, to craft your approach to that of a leader who may lead durable change, you must.

Any attempt to repair or improve one's own operating system must begin with an honest appraisal of flaws, imperfections, and negative tendencies. Sometimes we recognize these flaws by simple reflection. Very often, we recognize our imperfections in the pattern of feedback we receive from others. In other instances, we recognize our less-than-ideal habits by watching role models and then emulating them. In some cases, executive coaches or therapists can provide a helpful outside view and a path of guidance toward change.

This self-knowledge is the foundation for a level of trust that starts with deep reflection and with self-talk, and turns into an ability to deliver on compelling objectives, staff the execution, remove obstacles, and help team members to the summit. We become what we think about. Decide what you want to be, design your personal brand, and repair the operating system you inherited.

## Step 3: Establishing Your Personal Brand

In our professional lives, our reputations are often called our personal brands—meaning what people who know us think and say about us when our name comes up. When we check references as part of the hiring process, we are assessing and auditing the candidate's personal brand.

Task number one in brand-building is to select attributes consistent with a unique value proposition. In building a brand that will serve as a foundation for trust, start not with what you want but what your customer wants. Who will be your likely customers? Where are the gaps in the market? What are competitors not providing? What are the half-dozen promises they can trust you to deliver?

Then, as you think about the attributes you want to emphasize, think about the kinds of core values you have deep inside you (as discussed in Step 1) and the operating system that governs your day-to-day behaviors (as discussed in Step 2).

If you aim to be known for creativity, seek out projects that

will require you to demonstrate it. Entrepreneurial leaders tailor brand attributes to the target market, whether they are dealing with a product or themselves. As leader, you can accelerate the market-sorting mechanism by being (a) intentional about what you stand for, (b) accurate and persuasive in how you describe it, and (c) relentless in its delivery.

To get a good sense of the current state of your personal brand, ask five people who know you best to describe you, using just a few adjectives. Look for overlap in what you hear. If you've asked the right people, you may not like everything they tell you. This is good news. It means you're getting useful feedback on what you might do to rewrite your operating system. After listening to and reflecting on this feedback, create an intentional plan for the brand attributes you want to emphasize, to subtly reposition how others see you—based not on spin but on behavior.

## Create a Mission

Mission gives meaning, clarity, and priority to collective actions. Mission answers the question "What would winning look like?" Mission clarity puts everyone on the same page and resolves conflicts. Having the right mission is key to assembling the right team. A compelling mission identifies what the market needs and what stakeholders can bring to your efforts.

### Step 1: Finding Meaning

Research shows that when team members believe in the mission of the organization, they perform better. Working alongside people who find meaning in their work is also more fun for everyone. Mission statements alone won't spark this emotional connection, but when done well, they can be a useful tool.

Part of the job of an entrepreneurial leader is to formulate and articulate this mission so that everyone understands it, remembers it, and owns it. When this happens, people sense their work has meaning.

Good mission statements are simple, powerful, and emotive. Here are some examples:

Disney: "To entertain, inform and inspire people around the globe through the power of unparalleled storytelling."

Amazon: "To be the Earth's most customer-centric company."

Nike: "To bring inspiration and innovation to every athlete in the world."

Mission statements should be short, unambiguous, and meaningful. Good ones leave no one guessing about what business the company is in.

### Step 2: Setting Mad Goals

Too many of us make wishes—vague, adolescent hopes without sufficient power to change the trajectory of a life, a team, or a business. Goals, on the other hand, can be measured, are associated with deadlines, and come with an allocation of resources, an assessment of tradeoffs, and a sense of accountability. Unlike wishes, goals produce meaningful results.

Knowing how to establish great goals is a key skill for any entrepreneurial leader who hopes to build something durable.

The best goals share three qualities: They are memorable, aligned, and doable (MAD goals).

**The Power of Memorable (M)**: The best way to make goals memorable is to keep them short, imbue them with compelling emotional content, and make them measurable. A memorable goal is, for example, "Running a marathon at age 35 faster than I ran it at age 25."

**The Necessity of Alignment (A)**: Alignment is the set of forces that get a team moving in the same direction. Goals are aligned when they are in keeping with core values.

**The Imperative of Doability (D)**: Goals are what you are trying to achieve; tasks are what go on a daily to-do list to work toward goals.

### Step 3: Building Alignment

Put simply, alignment is the set of forces that get people moving in concert toward an agreed-upon goal, without much direct supervision or micromanagement by superiors.

Setting goals that are consistent with values shared by people in the organization and reflective of their natural priorities would seem a simple and logical first step for any leader. For most, however, getting this right and building a system around it that is aligned with delivering on a common goal is hard.

For the entrepreneurial leader, it is the sine qua non of running stuff successfully. Just as E = mc2 elegantly describes nature's correlation of energy to matter, the alignment of values, objectives, strategy, tactics, and controls captures the energy of the enterprise.

If a leader doesn't get his team aligned around the mission

and the goals, everything falls apart. People begin putting self-interest ahead of team interests and winning games ahead of winning championships. For that reason, building alignment is a quintessential task facing entrepreneurial leaders.

The best entrepreneurial leaders (1) hire for values; (2) set clear objectives that everyone understands; (3) come up with a strategy to achieve them that takes into account marketplace realities, organizational strengths, and the passions of the team; and then (4) develop the tactics to carry out the strategy.

### Step 4: Crafting a Culture

Leaders are responsible for shaping the culture of their organization, whether they are building one from scratch at a startup or trying to nudge an existing culture in a more positive direction at a long-established firm.

When an entrepreneurial leader thinks about crafting a culture, he or she must consider two things: the type of culture the company would most benefit from having and the tools he or she will use to drive the culture in that direction.

Three adjectives to consider when describing a culture one hopes to craft are "trusting," "accountable," and "respectful." Trust manifests in a range of ways, but very often it's evident when leaders give team members the power to carry out assignments and tasks, and to make decisions, without too much supervision.

Accountability is a necessary condition for that kind of trust: If employees are given the freedom to work when and how they want and to make important decisions, they must recognize the implicit and reciprocal obligation that they will produce good results. Leaders support a culture of accountability by being clear about expectations and then ensuring negative consequences for those who miss deadlines, fail to meet a budget, or don't execute on the plan as they'd agreed to.

In a respectful culture, people treat each other with kindness and caring no matter what's going on in the business.

When it comes to the tools leaders use to shape culture, consider hero stories. Hero stories provide specific examples of people who've acted in line (or beyond expectations) in regard to cultural expectations. Celebrating real-life, specific stories serves several functions. It rewards the employee at the center of the story for above-the-call-of-duty behavior. It provides both a model and an incentive for other employees, who will want to mimic the action and perhaps be singled out as a future hero.

There's one additional thing leaders can do to shape the culture—arguably the most important one. It's getting the right people into the company and getting the wrong ones out.

> Nothing is more important to the entrepreneurial leader than ensuring the right people are on the field in the right positions.

## Secure a Team

Teams succeed and fail together. An entrepreneurial leader empowers team members, reflects credit onto colleagues, and recognizes that business leadership is a team sport—one in which team chemistry matters. Nothing is more important to the entrepreneurial leader than ensuring the right people are on the field in the right positions.

### Step 1: Hiring Great People

The best way to improve the performance of your team is to make the right choices when adding or replacing its members. An entrepreneurial leader's best decisions are her "great hires"; her worst decisions, "bad hires." The people you hire impact every part of your organization, from its values and vision to its ability to innovate, adapt, and survive.

Like finding a great investment, finding a great person takes diligence and some degree of luck. It means locating the best candidates, interviewing them carefully, doing in-depth reference checks, and coaching them well once they're on board. And it means finding people who are excited about the mission of the enterprise.

Keep in mind the following pitfalls when trying to identify and hire the best people:

- Mistake #1: Hiring yourself (over and over);
- Mistake #2: Hiring the résumé, not the person;
- Mistake #3: Failing to do in-depth interviews;
- Mistake #4: Lazy reference checking;

- Mistake #5: Freezing out your team;
- Mistake #6: Overrelying on internal or external candidates;
- Mistake #7: Making it all about the money;
- Mistake #8: Not onboarding properly.

### Step 2: Demonstrating Effective Attitudes

Attitude refers to everyday behavior and demeanor, the emotions you project, how you interact with people, and the way you carry yourself. Do you behave in a way that encourages others to trust you? To respect you? Do you project the right blend of confidence and humility? And can you carry yourself as a leader honestly and authentically without having to resort to power plays?

For the most effective demeanor, focus on five elements of spirit, or character traits, possessed (or developed) by those most likely to inspire others to create durable change and lasting institutions:

**Likable**. In grade school, people know it's important to be liked, but when they enter the business world, sometimes they forget the importance of this simple dynamic.

**Grateful**. Gratitude is infectious. It leads to optimism, resilience, and a virtuous cycle that prompts others to kindness, respect, and generosity. People wired for gratitude spread good cheer.

**Happy**. The happiest people are not merely cheerful; they are joyful. They don't waste time in comparisons that put constant pressure on the organization to make sure everything is trued up at every instant. Be happy in your day-to-day work life—and if you're not, find something else to do.

**Humble**: Humility allows people to learn from mistakes, to embrace feedback, to grow with new information. Humble leaders create the kind of learning organization described by MIT's Peter Senge in his book ***The Fifth Discipline***. By recognizing their own fallibility and the necessity of learning from mistakes, they mobilize teams to behave in the same way, recognizing shortcomings not as a weakness but as an opportunity to improve.

**Humorous**: Team members who are funny lighten burdens and make work fun. Self-deprecating humor—particularly from leaders unafraid of laughing at their foibles—comes not from self-doubt but from self-confidence. It communicates one's humility. This trait also creates a safety valve on pressure and stress.

### Step 3: Helping People Improve

To make their organization perform well, every entrepreneurial leader should consider coaching a priority. This means finding joy in others' progress, celebrating it when it occurs, and giving feedback when it falls short.

The real power of feedback comes with its frequency, timing, and elegance. Give feedback in the moment. There's far more power in immediate coaching than in awaiting a year-end report card.

Letting people know how they might do better is often uncomfortable for new leaders. Feedback can stir up self-doubt, defensiveness, and career worries—and, if handled poorly, can be radioactive. So get good at it. Make it fun, nonthreatening, two-way, and frequent. And know that it's not about pointing out another's weaknesses or mistakes. It's about helping them build on their strengths, celebrating as well as correcting.

Finally, it costs nothing to ask permission before giving feedback. It's always granted; and it shows a level of respect that makes it easier to take.

Done right, feedback can be transformative and redemptive. Here are a few guidelines:

**Don't wing it**. The words you choose matter. Practice what you're going to say and how to say it.

**Lean positive**. Every time you offer feedback, some (if not most) of it should be positive. Look for opportunities to note successes even as you offer suggestions for improvement.

**Be specific**. Give examples and specific suggestions for improvement.

**Don't deluge**. People can only process so many suggestions at once.

**Keep it confidential**. Feedback sessions are private. Don't ever share feedback with someone else.

## Deliver Results

With the foundations of trust, mission, and team in place, it's time to deliver results. The maps in this final section are not intended as a comprehensive "how-to" manual. Instead, they include practical tips, common pitfalls, and the mindsets and self-talk that can help any entrepreneurial leader deliver superior results. To juggle the competing claims of customers, shareholders, and team members, entrepreneurial leaders

Decisions are destiny.
Making tough ones is the measure
of the entrepreneurial leader.

need checklists and wisdom. The following maps offer guidance for dealing with almost-certain challenges.

### Map 1: How to Make Decisions

Entrepreneurial leaders rarely have the luxury of making perfect choices. Instead, they're choosing between imperfect options, making bets in the face of uncertainties, or making a call they know is suboptimal because of constraints that observers or the public may not even recognize.

Decisions are destiny. Making tough ones is the measure of the entrepreneurial leader. If you're making a lot of easy calls, you've failed to delegate. Most of the decisions you make personally should be close calls.

Since the quintessential job of leadership is to make changes that improve things, entrepreneurial leaders must learn the maps and mindsets for good decision making.

Consider the following rules for making tough choices:

- Eliminate the excuse that life isn't fair.
- Make good small decisions.
- Go into decisions expecting they'll work out.
- Own your bad decisions.
- Don't let biases drive your choices.
- Follow your instincts, not your emotions.
- Don't make important decisions in haste.
- Accept that most business decisions have at their core (a) cost–benefit assessments and (b) probabilities associated with an array of potential outcomes.
- Run the decision through the execution screen.
- If you make a mistake, correct it.

### Map 5: How to Communicate

Leaders communicate all the time, whether they intend to or not, if only because others are watching them. While they may think employees communicate back transparently, the truth is that most people in most organizations don't tell leaders what they think. Similarly, people in most organizations don't understand leaders' priorities, and they rarely think they're getting enough information.

Entrepreneurial leaders don't want distance and distortion; they want connection. They neither pretend to have all the answers, nor do they deny having preferences. They strive to remain open to influence.

Entrepreneurial leaders—like most presider-leaders—communicate with a message and an agenda. The difference is that they interact with people. They listen at least as much as they talk. And they learn from other perspectives and experience. In short, entrepreneurial leaders communicate from a mindset of participation, not control. They believe that two-way candor builds trust.

Here are five specific mindsets that will help any leader communicate more openly and more successfully:

- "I have valid viewpoints and can make a valuable contribution."
- "I can be influenced by new information."
- "I am genuinely curious."
- "Our goal is for the best idea to win."
- "I will balance inquiry with advocacy."

### Map 10: How to Drive Change

The primary job of the entrepreneurial leader is to prompt, inspire, and measure change, often spotting the need for transformational change before many would see any need to change course. This means that entrepreneurial leaders often see around corners, recognize patterns, and solve problems before they become urgent.

Entrepreneurial leaders have several ways they may try to motivate change. Each of them can motivate people, but they vary in the extent to which team members will buy into the change and whether they will have a lasting impact on their behavior.

**Force:** The warden of a prison has the ability to get

inmates to do limited actions, but actions motivated by the use or threat of force are temporary at best. To change others' behaviors in a more permanent way, a leader must help team members want to transform, so that they are doing so voluntarily. Changes driven by force never work in a business environment and rarely have any lasting effect once the force is removed.

**Fear:** Many companies institute change when the business starts to decline. In these instances, the changes may be accompanied by layoffs as the organization tries to shrink expenses to match declining revenues. In this kind of environment, team members may accept change because they are afraid. Entrepreneurial leaders recognize that threat-induced change usually lasts only about as long as the threat is imminent.

**Reward:** Companies frequently try to incentivize change by changing their compensation plans. This is especially common among sales forces. Compensation is only one way to reward people. Recognition, celebration, and advancement may be less effective in the short run but are more durable in the long run.

**Duty:** A change initiative that relies on people's belief in an important cause or mission can have powerful and enduring results. Consider how dramatically Americans' behavior changed during World War II. Men volunteered for hazardous overseas duty; women performed grueling manual labor in factories; investors purchased low-returning war bonds; consumers cut back on purchases of goods needed by the military. Appealing to one's sense of mission is only possible when a deep affiliation exists between an individual and an institution. When that bond is strong, it is usually because of the meaning that has come from a commonly held mission.

**Love:** The most powerful motivator for durable change is love. People are willing to sacrifice when moved by love. When people feel real love for an organization, it is usually for their co-workers or a boss. And when the connection is deep, they may be willing to change in significant ways without the lure of personal reward or the fear of loss. Where love exists, change can be permanent.

As leaders learn to be more effective in precipitating change, they discover that the surest way to bring people along is to change their own behavior and establish visible new habits: to show the way rather than simply telling others how to do it.

Being an entrepreneur is a particularly energizing form of leadership in which one lights fires, innovates, creates new ventures, and plays a role vital in the economy and in society. It requires a mindset, a set of skills, a general adherence to best-practice maps, and the ability to survive.

And it represents the highest form of leadership.

## IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- ***The Responsible Entrepreneur: Four Game-Changing Archetypes for Founders, Leaders, and Impact Investors*** by Carol Sanford
- ***The Pumpkin Plan: A Simple Strategy to Grow a Remarkable Business in Any Field*** by Mike Michalowicz



Joel Peterson is the chairman of JetBlue Airways and the founding partner of Peterson Partners, a Salt Lake City-based investment management firm. Joel is on the faculty at the Graduate School of Business at Stanford University and has been since 1992. After three careers, four decades of marriage, and seven kids, in addition to demanding roles as CFO, CEO, chairman, lead director, adjunct professor, founder, author, entrepreneur, and investor, Joel is often sought as a mentor and coach by leaders and aspiring leaders.

From ***Entrepreneurial Leadership: The Art of Launching New Ventures, Inspiring Others, and Running Stuff*** by Joel Peterson, Copyright © 2020 by Joel Peterson. Published by arrangement with HarperCollins Leadership, a division of HarperCollins Focus, LLC. 256 pages, ISBN 978-1-4002-1675-8. Summary copyright © 2020 by Soundview Book Summaries ® www.summary.com, 1-800-SUMMARY.

· Book 21 of 67 ·

# Fail Fast or Win Big

Bernhard Schroeder

soundview
Executive Book Summaries®

# Fail Fast or Win Big

## The Start-Up Plan for Starting Now




*by* **Bernhard Schroeder**

## Contents

The End of Business Plans
*Page 2*

The New Way: The LeanModel Framework
*Page 2*

Lean Resources; Less Is More
*Page 4*

The Whole Customer Truth
*Page 5*

Opportunity Is Here and Everywhere
*Page 6*

If You Want to Be an Entrepreneur, Be One
*Page 7*

## THE SUMMARY IN BRIEF

As an entrepreneur, you are not in the business of writing business plans. You need to move faster. Market conditions evolve so rapidly today that by the time you could perfect a business plan, it would likely be obsolete and your competitors would have already beaten you to market. It makes more sense to remain lean, flexible and willing to change with the marketplace. You need a new way of thinking and doing.

The LeanModel Framework™ is your way forward. This business framework strategy lets you forego many of the most time-consuming and least productive elements of business planning in favor of getting a working prototype of your service or product to market in 90 days or sooner. Doing so will supply you much more quickly with the information most crucial to your business trajectory: initial customer feedback, from which you make the decision to tinker or rethink your approach, scale up or even abandon ship.

***Fail Fast or Win Big***, based on the author's more than 20 years spent helping small companies become market leaders, helps you get right down to it.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to anticipate markets that will morph into new opportunities.
- Techniques to rapidly develop and deploy prototypes into test markets.
- Ways to immediately leverage lessons learned into your next launch.
- How to find funding from new and unconventional sources.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2020 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • Vol. 42, No. 2 (3 parts), Part 3, February 2020 • Order #42BS02 • Sarah T. Dayton, Editor-in-Chief • Ashleigh Imus, Senior Editor • Kylie O'Connor, Graphic Designer

## The End of Business Plans

As an entrepreneur, you need to accept that ***speed to market*** is the new normal and that fast just means faster to take advantage of opportunities that are seemingly nowhere and then everywhere.

To understand the start-up ecosystem and the need for speed, let's look at how things used to be done and why they no longer work as well anymore.

### Who Needs a Business Plan?

In the 1960s, venture capitalists created a new way of building an enterprise, expressed by this formula:

***Entrepreneur opportunity + business plan + venture capital = new company.***

Why was this so? Because the corporate managers, scientists, researchers and engineers who were creating the first tech companies in what would become known as Silicon Valley couldn't get bank loans.

What's really amazing is what occurred next. Universities in the United States in the 1980s, especially MBA programs, began to embrace this same model of how companies should be created and funded, and they began teaching the development of business plans and venture financing in both their undergraduate and graduate programs.

So it was for a few generations of students that the novel concept started in the 1960s has become the conventional wisdom.

Is it still wise, though? Do you really need to write a detailed business plan? Does a business plan still have value?

### What's Wrong With This Model Today?

While this model has worked well during the past 50 years, it now has several problems. First, the opportunities for entrepreneurs in the world have increased, so there are many more opportunities than there are traditional investors. Second, because marketplaces are appearing almost overnight, should you risk a marketplace window's closing because you have to spend four to six months writing a detailed business plan and looking for investors? No.

Third, a business plan is out of date the minute it is finished. Fourth, and most important, the business plan's greatest failing is that it takes so much time trying to predict success that it also takes too long for you to fail.

The traditional model of writing a detailed business plan, pitching to investors and obtaining financing will probably never completely go away. But for most startup opportunities in the future, the LeanModel Framework will provide a great hedge for success.

## The New Way: The LeanModel Framework

Instead of spending months writing a business plan and then looking for investors who may not give you any money anyway, adopt the LeanModel Framework. The LeanModel Framework is made up of four integrated components: Lean Resources, Business Model, Rapid Prototyping and Customer Truth.

Let's take each of these elements in turn:

- **Lean Resources.** Empower a mentality that believes less is more.
- **Business Model.** Take the time to really understand your marketplace, current trends and your target customer segment; then craft a business model that not only makes common sense, but it makes money.
- **Rapid Prototyping.** Create a minimum viable product or service that you can test with the marketplace as rapidly as possible.
- **Customer Truth.** Listening to and gathering feedback from your potential customers is crucial. Feedback from customers is what will often give you the insight needed to iterate, pivot or abandon your idea.

### Entrepreneurs, Be Curious

As a potential entrepreneur, you need to be manically curious about a potential product or service—curious to the point you will investigate and research its potential customers, the trends surrounding it and the marketplace for it. Here's how to get started:

1. **Understand the Actual Marketplace.** If you have an idea for, say, the pet industry, then go visit a pet store, and take careful note of the products and services currently offered. Look at online e-commerce pet-care websites, and see what their key attributes are.
2. **Talk to the Customers.** There is nothing like talking to customers to get insights. Stand outside of a store, and conduct a survey. Visit a dog park or boarding kennel.

3. **Visit Your Competitors.** If possible, visit your potential competitors, and see how they run their businesses.
4. **Understand the Key Trends.** In addition to getting key insights via research or trend tracking, consider attending related events or trade shows to learn even more.
5. **Test Your Idea.** Test your idea for a product or service, even if it's just a prototype or early product. Learn and adjust.

Regardless of your situation, you move faster. You don't have time to write a 30-page business plan. You create a business model on your potential product or service, and you go validate it.Speed to market is critical.

## Ideas Are Great But Business Models Rule

A great idea with a weak business model will ultimately fail. You need to refine and mold your business model so that it becomes a strategic weapon. Can your business model be as great as or better than your idea?

Many entrepreneurs are so "in love" with their idea that they don't see its potential flaws, whether those flaws are in their product, their strategy or their business model.

### Build a Real Business Model

A critical element of the LeanModel Framework is the early identification, iteration and evolution of a startup business model.

No matter how you define a business model, it's the business model ***elements*** we are most interested in. These are the building blocks of the business, the essentials. Here are the key elements of a business model:

**The Unique Value Proposition.** The improvement you introduce may be incremental, not revolutionary. And there's nothing wrong with that. You can study and intersect trends à la Steve Jobs and try to predict what customers will need.

**Customer Relationship Feeling.** How can you create a product or service so well that customers actually "feel" an emotion when using your product or service?

**Customer Target Segments.** Make sure you know everything about your target segment of potential customers. Obtain demographic information (facts like age, sex, residency, etc.) and the psychographic details (lifestyle, interests, etc.). If you believe you have more than one customer segment, then determine if you need to treat the segment groups differently.

**Distribution Channel Strategies.** If you consider entry into a marketplace from a number of "channels," evaluate the workings of direct sales, wholesalers, retailers, distributors and selling online; of the latter, consider either your website or online retailers like eBay or Amazon.com.

As you consider your options, your distribution strategy should take account of the potential revenue and gross margin contribution of each distribution channel. Since this area is so critical to the business model, thorough research is required.

**Startup Activities.** If you examine your business model carefully, you can prioritize based on what needs to be done to rapidly build a prototype of your product or service.

**Startup Resources.** You will always need more money than you think you will need. You will also need people and a way to manufacture and distribute a product. Do you need someone to program or build something? If so, refrain from giving people equity unless they are mission-critical. Don't throw equity around in those early days. For one, you will need that equity down the road for attracting really critical partners or key hires. And, two, I have seen more entrepreneurs in court or arbitration hearings due to a breakup or difference in strategy.

**Partners, Strategic and Tactical.** Trust yourself. Trust your instinct. And if you are going to build a company, learn how to trust others. Although there are any number of partner types, three key areas are manufacturers, distributors and suppliers. Before you choose any of these partners, talk to other entrepreneurs who have gone down a similar path.

**Product or Service Costs.** Once you have a handle on estimating your expenses, move everything into a 12-month forecast sheet, and estimate, conservatively, your projected revenues and expenses from month one through month 12. Based on this forecast sheet, you can tell if you are actually making money. But more importantly, you can tell how much money you need on hand ***before*** you start your company.

Quite a few entrepreneurs have launched their companies without enough cash on hand to fund inventory replenishment or critical product refinement. In the early days of a startup, ***cash flow is king***. Never forget that.

**Selling/Revenue Sources.** The key is to examine the marketplace and understand how and where customers want to purchase your product or service. After reviewing every

possible revenue opportunity, then you decide, perhaps in the order or priority, which revenue streams to initially pursue, knowing you can add others eventually. As an entrepreneur, you are either going to sell something or not. It's up to you.

## Lean Resources: Less Is More

If you think that having more money yields better creativity, guess again. People tend to think more creatively when they have to get around a lack of funds or resources. In order to be successful, it's best to adopt a lean-resources mentality. Technology and new emerging marketplaces allow an entrepreneur to accomplish an incredible amount with lean resources. For instance, you can source small amounts of your product and sell them on Amazon.com to test the idea and generate some revenue at the same time.

### Leverage Is Key

You need to leverage all the lean resources that are available to you. Launch and run your new startup so lean that you might actually produce cash early on to help fund the company. You need to leverage everything, including the following six areas:

**People**. Launch a company around expertise you already possess by treating yourself as a "rapid prototype." If you know search-engine optimization, you can sell yourself as an online marketing expert. A sustainability specialist can advise other companies.

**Local and Global Talent.** Most universities have course requirements that involve practical applications, and you can leverage these resources for your own product development. There are also online communities that can provide a pool of freelance talent to help you out in a variety of ways.

**Local Community.** You can improve your prototype with local retailers before taking it to the national market. If you test your product or service in such a local environment, be sure you have some measure of control in the supply, delivery and selling process.

**Financing Options.** If you do need capital, ask what you can downsize, sell or eliminate to free up some cash. Investors bet on passionate people who have bet on themselves. Try banks or local lenders, and seek out city or state grants. Review your credit cards' interest rates. Never risk more than you can afford to lose.

**Technology Tools.** Even if you don't like technology, you need to understand the technology that might give you a competitive advantage. There are two major groups of technology tools to consider. Technology platform tools allow you to open a business and sell your product. Technology-enabling tools allow you to market and run your business.

**Manufacturing**. The first option is local manufacturing or distribution. When local isn't the best choice, China is still a strong source for manufacturing. Finally, there's near-shore manufacturing in Mexico. Also, keep your eye on 3D printing, as it will provide some interesting solutions for low-volume, unique products or prototypes.

## Rapid Prototyping, Right Now

There is simply no better way to judge the viability of a product or service than to actually ***test*** it. Think: minimal viable product. If you delay, the window could close, or worse, a competitor may jump through the open window with a minimal product and gain the first-mover advantage.

You need to get over your fear of failure. Most people fear failure, and therefore they move too slowly when they should be creating a rapid prototype of their product or service.

There are lean resources available to help you build your rapid prototype. Here is a solid thought-starter list to get you moving:

**People**. Being able to leverage your network will help you directly or indirectly by connecting you to people who can help you.

**Internet Tools.** There are a variety of either free or low-cost solutions available. The point is to test something, move quickly and learn if you are on to something that will sell in the marketplace.

**Online Platforms**. With Amazon.com or Etsy, you can quickly create a product prototype, or even acquire a few products, and test them with real customers in these online marketplaces.

**New Technologies**. The reason you have to pay attention is that new technologies entering a marketplace create ripples that you might not initially see. Those ripples grow and spread into new products and services.

**Manufacturing**. Know what resources are available locally to help you build your prototype. But expand your region to a 150-mile radius so you'll have greater options. Look into "rent by the hour" manufacturing and engineering facilities.

**Marketplaces, Local and Elsewhere**. Remember, ***ini-***

***tially*** your customer is not everyone in your large customer segment; your customer is in the niche target segment that houses early adopters or influencers. If your product is successful with them, they will carry you to the rest of your customer segment.

## The Whole Customer Truth

If you connect with your customers and keep your product or service promise, those customers will help you with your marketing. They will write solid reviews. Via word of mouth, they will tell others about your product or service. But ignore them and you do so at your peril.

A great idea that's poorly executed with customers is in real trouble. Especially if those customers have the option to buy the same type of product or service from your competitors.

### Embrace Customer Truth

To fail fast or win big, you need to understand your customers. You also need to embrace the idea that customer feedback, or "customer truth," is critical to the success of your company. Marketplace graveyards are littered with companies who quit listening to their customers (for example, Blockbuster, Borders, Nokia, Kodak, Circuit City). Many other large companies are teetering on the edge of failure and will almost certainly be gone in the next few years.

### You Are Not the Customer

Never assume you know your potential customer. Ever. That realization forces you to do several things, including

- Always be researching the marketplace and trends.
- Base your decisions about customers on as many facts as possible.
- Surround yourself with other people who might have customer insights.
- Relentlessly visit the customer environment.

Many entrepreneurs and company founders speak as though they are customer experts—yet yesterday, before the launch of their startup, they were engineers, nutritionists, lawyers, accountants, programmers and the like. When did they transform themselves into the customer?

You need to understand your customers. You can't assume that you know everything — or even anything — about them. You can't ***pretend*** that you are in the mindset of your customer.

### Seek Customer Truth—Relentlessly

Think relentless, which means "unending." Though you're just forming your startup, embrace the idea that you'll continually be in the customer's environment to learn about that customer. You're not just there at their purchase decision but also wherever the actual customer environment is, whether that's a retail location, a dealership service area, a restaurant, a local mall, an airport or a grocery store. You will be studying customer behavior so well that you will "know" what they might do next.

### Anticipating What Customers Want

Steve Jobs once said, "It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show it to them."

If you read this quote, it seems to make sense. And yet, do you want to hedge your bets and get some direct customer insight? Of course, but it can't drive the decision-making process. It can add insights or help confirm some assumptions, however.

Here is the takeaway. You need to know your customer. You need to know your customer's environment. As much as possible, you need to know what your customer aspires to be or do. You need to have an ability to have conversations with that customer. Customers will tell you what they want but not what they need. The truth about customers is that they will tell you what they ***don't*** want. Gather as much information as possible. Listen well, and, it is hoped, you will give them what they need. If not, they will tell you the truth.

### Customer Truth is Defined by the Customer

Customer truth might be industry jargon, but it's the process a customer goes through with respect to purchasing a product or service. This process happens in stages, and you should be aware of them:

**Zero Moment of Truth.** Created by Google, it's what people search for and find after encountering the initial message that directs what they do next.

**First Moment of Truth.** Introduced by Procter & Gamble (P&G), it's what people think when they first see your product and the impression they form when they read about it or see images of it.

**Second Moment of Truth.** It's when people feel, think, see, hear, touch, smell and (sometimes) taste, as they experience your product or service. This is not the first time but occurs after several purchases.

**Bernie's Moment of Truth.** This is my spin on the moments of truth. It's how the brand listens or reacts to a customer problem. It could be as simple as an order of coffee or as large as a washing machine. If that "brand" steps up and satisfies you, you will be with it for a long time. If it disappoints, you are gone.

As an entrepreneur, you will need to understand the consequences of not listening or failing to deliver excellent products and services to your customers. Define "customer truth" any way you want; but understand its power.

## Entrepreneurs Have a New Investor: The Crowd

The traditional ways of creating and launching an entrepreneurial company still exist, but the world of startup funding has changed forever. The entrepreneurial ecosystem of financial support has radically been altered. In 2009, a new form of funding arrived, called crowdfunding.

What's driving all these crowdfunding platforms? The democratization of buyers and sellers. Every marketplace needs sellers (in this case, entrepreneurs) and buyers (for entrepreneurs, investors) to be successful.

In short, the new investors are here, everywhere. They are you and me, and everyone else who has access to the Internet and some dollars to invest.

### An Overview of Crowdfunding

**Reward.** Reward campaigns exemplify "traditional" crowdfunding. In exchange for some reward (a discount, freebie, product pre-order or other item), individuals contribute money to an organization, project or company.

**Debt or Lending.** Similar to bank loans, these arrangements call for applicants to demonstrate creditworthiness, or an ability to responsibly handle and repay debt. For entrepreneurs who do acquire loans through debt-based crowdfunding, the interest rates vary so shop around for the best rates and terms.

**Equity.** Equity crowdfunding is an amazing alternative compared to traditional sources of funding. It is the collective effort of individuals (investors) who network and pool their money, usually via Internet crowdfunding platforms, to support entrepreneurs by providing investment capital in the form of equity.

In the next few years, hundreds of investment firms will rush to offer crowdfunding equity platforms. Some super angel investors, venture capitalists and private equity funds will set up their own platforms. Things will settle down, and crowdfunding will flourish as a major alternative funding source.

## Opportunity Is Here and Everywhere

In his book ***Myths of Innovation***, Scott Berkum says that most people do not understand how entrepreneurs create new companies. He describes the myth of "epiphany," that light bulb that goes on in the head of an entrepreneur in the middle of the night.

The epiphany is that sudden realization of a relationship, that merger of dissimilar thoughts. But it usually comes only after many years of familiarity with a subject. So, how can an entrepreneur increase the chances of having an epiphany that could potentially yield a new idea? Here are a few ways:

**Become an Expert in Your Area of Expertise.** Use your expertise to leverage your knowledge and experience to create a new type of product or service.

**Look for Emerging or Disrupting Trends.** When Amazon CEO Jeff Bezos observed the emergence of the Internet, he saw the potential for a new distribution platform for selling products. He just needed to validate that enough customers would exist in this new marketplace.

**Surround Yourself with Different People.** If you want to generate ideas, don't hang around with people who are exactly like you. Different perspectives on the same subjects can create a robust environment for discovering what's next.

### Target a Marketplace

So, you are a would-be entrepreneur, but you don't have an amazing idea for a startup. Here is a thought. Rather than straining to come up with an idea, examine a large and/or growing marketplace thoroughly; get to know its workings so well that you might well surface a problem or opportunity. Only then should you try to create that new product or service.

Quite often, it's this pursuit of information about a market that is lacking in potential of newly minted entrepreneurs. The serial entrepreneurs, though, seem to have figured it out.

You can have an amazing idea, but if there is no clear market opportunity, it might just as well be worthless. The worst thing you can come up with is a great idea that only 1,000 people can buy or utilize (works if you are SpaceX).

So, a better way to look at entrepreneurship is to start

with the marketplace, then follow with the idea, usually a solution to a problem customers are having.

If you have an idea, look at the potential market. How many people could buy your product or service? Is that market growing? Or, has it been disrupted by some new development? What are the key trends driving buying preferences?

With the LeanModel Framework in mind, target a favorable market, or come up with a low-risk strategy in a potentially unfavorable market. You really can't put together a business strategy on an idea unless you understand the marketplace and its potential customers. The more you examine that potential marketplace, the more you will learn. You will then spot something that you can test with a LeanModel Framework, and you'll either fail fast or potentially win big.

### Iteration, Evolution or Revolution

Too many entrepreneurs think that, to have a successful startup, they need to create something the world has never seen before. So, they spend a large amount of time thinking of solutions in search of problems or marketplaces. It would be better if they focused on large markets (customers), trends or the disruption of a marketplace caused by an early leader or a technology shift.

Let's put it in perspective. Google was not the first search engine. Apple did not launch the world's first MP3 player, smartphone or tablet. Starbucks did not create the first cafe. But they all have something in common. They all ***iterated*** or ***evolved*** a product or service beyond its current state. They added improvements that the marketplace both wanted and needed.

It takes something pretty amazing and insightful (or years of research and effort) to create a ***revolutionary*** product or service. Revolutionary products do create or change entire marketplaces, and new ecosystems evolve. Probably only a few thousand products in the history of mankind have been truly revolutionary. Why do entrepreneurs think they have to create something revolutionary? Entrepreneurs: Consider iterating an existing product or service in a large marketplace. More often than not, that is what drives most successful startups.

### Key Elements in Finding Opportunities

To provide some guidance in your quest for defining opportunities, here are some perspectives, tools and resources. These should help you find, define and perhaps position your company as a new startup in the marketplace.

**Trends—Do You See Them?** Invariably, conversations about entrepreneurship turn to the subject of trends. How is it possible to identify and track so many trends in multiple industries and across so many customer segments? You need to be insanely curious.

**Understanding the Entire Marketplace.** Invariably, both customers and industries go through change. So, usually when one new product or service invades an industry or customers adopt a new product or service, there are multiple effects. You have to step back, look at the bigger picture and see what might happen inside the entire marketplace. When you first saw a smartphone, did you "see" mobile applications and accessories too?

**Know the Major Customer Groups.** Do you look at large customer segments? Do you even know who they are? Millennials will number more than 80 million by 2025 in the United States. This large customer sergment is changing and helping to create several new industries. Do yourself a favor and gather enough information so as to determine the major trends here. Then ask yourself what opportunities exist for a startup company to leverage one or two of those key trends. You just might win big.

**Industries Changing and Emerging.** For an entrepreneur, there is always opportunity. You just need to look at something hard enough. But as you look for opportunity, you need to look for gaps in the marketplace.

**The Perfect Storm … Trends Crossing Customers and Industries.** The holy grail of entrepreneurship opportunity is uncovered when a major shift occurs across a large target population and simultaneously the same trend is changing a large industry. Think of the demographic of 16- to 30-year-olds consuming content on their laptop computers while the distribution of content is dramatically shifting.

## If You Want to Be an Entrepreneur, Be One

If you want to be an entrepreneur, consider what your area of expertise is. What is your skill set? Can you leverage your skill set in an industry or an emerging marketplace? What does an amazing team look like? If you don't know where you are going, any path will get you there.

There are a lot of people who have become really good entrepreneurs. They are not special. What is the most important thing they do? It is that they ***do***. They quietly go to work on solving a problem or addressing the needs of

a large marketplace. They surround themselves with good advisers, and they are constantly seeking counsel and customer feedback. They have very little ego (don't mistake ego for confidence), and they believe the right (not necessarily best) idea ***and*** the hardest work ethic are what will win. They acknowledge that sometimes the reward goes to the team that just works the hardest. And so they don't easily quit. They adjust, evolve and pivot. Sometimes this works, and a company is born. Sometimes this does not work. But these entrepreneurs realize that there is no rewind in life, so they are definitely going to enjoy the ride. After all, if they fail, they can always go to work.

## Founders Create Startups, but Teams Build Companies

The very best entrepreneurs have a capacity for communicating a clear vision for their company and a passion to draw others to its mission. They have an ability to recognize talent when they see it and have an amazing skill for recruiting people who share their passion. What true entrepreneurs realize is that they are only good at one or two things, and so they need to attract the best possible people to help them in building a real company.

## Entrepreneurship Is a Mentality

You should be constantly in a lean state of mind regarding any and all resources. Because you probably won't have enough money to do everything you want to do. Your biggest asset is leverage, therefore. Leverage every resource possible, whether that's office space, technology or people. Think lean, be lean. Guess what? If you behave in this manner, you will get things done, and other people around you will become resourceful as well.

## Embrace the Idea of Listening

When you mention the name Steve Jobs, it polarizes people. Regardless of how you feel about him, he was insanely great at "being" the soul and voice of the customer inside Apple. He had a remarkable ability to spend time with customers or with competitive products and to see the opportunities, again and again. Part of his talent was evident in his blending of customer insights and emerging trends. He was constantly interested in what was coming next, and he paid close attention to trends as they might affect customer behavior.

A collective customer voice is your truth. Ignore it at your peril. The marketplace rarely has room for arrogance; put on your humble hat. Be prepared to adjust your product or service, based on feedback and changes occurring in the marketplace.

Most people don't see the trends forming all around them. But learn to spot these trends, match them to large marketplaces, and you can almost "see" the next product or service people will need.

### IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- ***Disciplined Entrepreneurship 24 Steps to a Successful Startup*** by Bill Aulet
- ***The Pumpkin Plan A Simple Strategy to Grow a Remarkable Business in Any Field*** by Mike Michalowicz
- ***Eat People and Other Unapologetic Rules for Game-Changing Entrepreneurs*** by Andy Kessler



Bernhard Schroeder is the Director at the Lavin Entrepreneurship Center and teaches entrepreneurship courses at San Diego State University. Previously, he was a Senior Partner in the world's first integrated marketing communications agency, CKS Partners. He has been a marketing and brand expert for Fortune 100 companies such as Apple, Nike, GM, Amex and Mercedes Benz.

***Fail Fast or Win Big*** by Bernhard Schroeder. Copyright © 2015 Bernhard Schroeder. Summarized by permission of the publisher, AMACOM, a division of American Management Association, Int'l. ISBN: 978-0-8144-3478-9. Summary copyright © 2018 by Soundview Book Summaries ® www.summary.com, 1-800-SUMMARY.

· Book 22 of 67 ·

# Featured Book Review

SOUNDVIEW Featured Book Review
www.summary.com

# Taking a Company to the Next Level

## A Look at How Entrepreneurs Turned Their Businesses Into Market Leaders

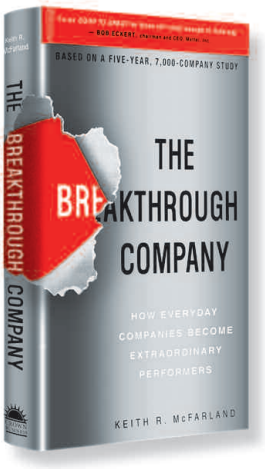
Review by Stephen Wolter

## THE BREAKTHROUGH COMPANY

**by Keith R. McFarland**

*Crown Business, $27.50*

For nearly a decade, Keith McFarland was frustrated by the fact that he could never find a book that adequately described the steps a company could take to solve the problems involved when moving beyond the entrepreneurial stages of business toward something bigger. In the mid-1990s he had just become chairman of a Los Angeles-based company that had twice been named to *Inc.* magazine's Inc. 500 list of the fastest-growing privately held companies in the United States. He felt his company was at a turning point that would soon determine whether it would reach its full potential for exponential growth, or if it would stagnate. Wouldn't be nice, he thought, if there was a book describing the experiences of entrepreneurs who had led their companies to whole new levels of success?




About the same time that he assumed his position as chairman, McFarland met Peter Drucker, the man who essentially defined the science of business management in the 20th century, and he discussed his dilemma — why couldn't he find a decent book that would serve as a road map for taking his company past the confines of its entrepreneurial stage? Drucker's reply was simple: "Because you haven't written it yet."

Fast-forward to 2002, when McFarland was one of two keynote speakers addressing a conference composed of CEOs. The other speaker on the bill was Jim Collins, author of *Good to Great*, arguably the most successful business book of this decade. At the conference McFarland pointed out to Collins that all the companies described in *Good to Great* were large organizations, with average sales figures of $32 billion. But, again, McFarland was concerned about all those companies that wanted to break away from the early stages of business development. Where was the book for them?

The book, Collins advised, could be done using the same research methods he employed when writing *Good to Great*. After receiving encouragement from two of the most respected voices in the field, McFarland was finally inspired enough to set out and discover for himself how a company moved from startup to full-blown success. He wasn't interested in the General Electrics, Dells or Wal-Marts of the business world — those companies and others in their economic strata had been analyzed countless times. What McFarland wanted were real-life examples of the businesses that had broken through the entrepreneurial stage of development and, if they weren't raking in tens of billions of dollars annually, were at least successful on a large scale. In doing so, he finally found that book he had been looking for all those years — his own. And even though he claims that *The Breakthrough Company* is not a recipe for creating successful companies, he still offers plenty of advice on how a company moves from one level of accomplishment to the next.

### Finding the Breakthrough Companies

In order to describe the lessons learned from the experiences of the breakthrough companies, McFarland had

to first identify which companies qualified as true breakthroughs. "What does it take to build a breakthrough company," he writes, "to move from chasing markets to actually influencing them?"

McFarland details the methodology — both in an early chapter of the book and in three appendices at the book's end — that he and his research team used to identify the breakthrough companies. Out of an original list of 7,000 possible candidates, McFarland ultimately settled on nine for purposes of discussion in his book. The 7,000 names in the database were gathered from years of Inc. 500 data, going back to 1982 when the list began. Growth rate, profitability and size were calculated for every single company that had appeared on the list, and then each company was ranked according to long-term financial performance.

But McFarland wasn't content to just let numbers provide the key to determining which companies he would study in greater depth, and he writes that he "ruled out the sort of ivory-tower research that is disconnected from the real issues faced by real business." Instead, he and his team spent five years with the top 52 companies that seemed best-suited to earn the title of "breakthrough." Dozens of employees at each company were interviewed — more than 1,400 in all. Discussions were held on topics such as the problems each company faced, relationships with customers, potential for growth and how companies stacked up against the competition. These field studies, as McFarland labels them, lasted anywhere from 90 days to three years.

Narrowing the focus of the research, McFarland settled on a range of annual revenue in which he felt the breakthrough companies should fall. At the low end, he eliminated companies with revenues of less than $250 million, as he wanted to make sure the final list included companies that had faced numerous obstacles in the entrepreneurial stage but now were big enough to have genuinely broken through those early stages of development. On the high end, he set a revenue cap of $2 billion. This would ensure that companies were not so large (a Microsoft for example) that the breakthrough characteristics of a successful company were now too far removed to identify.

**"Of the companies that made the breakthrough list, McFarland writes that what impressed him and his team the most was not the similarities they shared, but the differences they displayed."**

There is much more in the way of research that McFarland describes in the book, and he does so in even greater length in the previously mentioned appendices. But suffice it to say, when all the data was sifted, compiled and organized, nine companies stood out as superior examples of what it takes to break away from the entrepreneurial origins of a business. And that's when, according to McFarland, the real research began — "some old-fashioned shoe-leather reporting," as he puts it. Off went his research team to all corners of the country, logging hundreds of hours of additional interviews at the nine companies.

## The Nine

Of the companies that made the breakthrough list, McFarland writes that what impressed him and his team the most was not the similarities they shared, but the differences they displayed. The companies were located in all sections of the country, from New York to California, Minnesota to Florida, in cities both large and relatively small. They were, as McFarland puts it, high-tech, low-tech and no-tech, with everything in between.

But one thing that they had in common was a remarkable level of success. McFarland cites revenue figures of the nine companies from the days of their first appearance on the Inc. 500 list. The median revenue of the nine grew from $14.4 million from the time they were first noticed by *Inc.* to more than $700 million when McFarland conducted his research. The cumulative revenue increased over a 15-year period from $298 million to $6.6 billion, and by the end of 2006, the total combined revenues of the nine companies had grown to $7.5 billion. McFarland also notes that the nine were outperforming their competitors by a profit factor of three to one. "A person looking for a blueprint for long-term profitable growth would be hard pressed to find nine better examples," he writes.

For the record, here are the nine companies that made the breakthrough list:

- ADTRAN (Huntsville, Ala.) — a maker of networking equipment
- Chico's FAS (Fort Myers, Fla.) — a designer of apparel for middle-aged women
- Express Personnel (Oklahoma City, Okla.) — a network of staffing franchises
- Fastenal (Winona, Minn.) — a distributor of industrial products
- Intuit (Mountainview, Calif.) — a producer of software
- Paychex (Rochester, N.Y.) — a payroll processing company

- Polaris (Medina, Minn.) — a manufacturer of ATVs and snowmobiles
- SAS (Cary, N.C.) — an analytical software and services company
- The Staubach Company (Dallas, Texas) — a real estate company focused on tenants.

Obviously McFarland is correct in emphasizing the differences in these nine breakthrough companies. In an age when so much attention is placed on high-tech businesses, these nine companies represent real diversity. But McFarland is quick to point out that the nine companies also shared certain characteristics, and these were the same characteristics that helped propel the companies out of their entrepreneurial stages. It's these characteristics that he devotes the majority of his book to, and along the way he includes stories illustrating how the nine companies are sterling examples of embracing the ideas and practices that lead to a breakthrough.

## Characteristics of Success

McFarland follows a tried-and-true formula in the business-book genre of dedicating single chapters to each broad point he is trying to make — in this case, the characteristics of success he found surfacing again and again in the breakthrough companies. There are eight such chapters discussing the various characteristics, and McFarland does an admirable job of weaving in company tales — of both success and failure — to illustrate his points. If storytelling is the best way to communicate a message, then McFarland is on the right track here, as he includes many first-rate examples of how the nine breakthrough companies dealt with growth and setbacks. These stories are often told in voices of the companies' various leaders or other high-ranking employees, and they carry the weight of real-world experience.

By way of example, one characteristic of breakthrough success that McFarland consistently finds in the nine companies is something he calls "crowning the company." Simply stated, this means putting the interests of the firm above all other interests. The "crown," as it were, must be given to the company as a whole, not to a single individual, such as the founder or current CEO. Too many company leaders, McFarland writes, after achieving some level of success, make this success all about themselves. It's one reason why some companies never break through the entrepreneurial barrier.

McFarland describes The Staubach Company of Dallas, Texas, as an organization that truly grasps the concept of crowning the company. The name Staubach may be familiar to many readers, even if they have never heard of the company, which was founded by the former NFL quarterback and pro football Hall of Famer Roger Staubach. Although Staubach had an illustrious career as a star athlete in both college, where he won the Heisman Trophy in 1963, and in professional football, where he quarterbacked the Dallas Cowboys to two Super Bowl victories, McFarland notes that Staubach's offices are conspicuously absent of practically anything related to his football career. "It's because we're building something here that is bigger than Roger Staubach," the former quarterback says.

Staubach's emphasis on his company, rather than on personal gratification, is evident when McFarland describes Staubach's actions during a time when the company was set for major growth. Greg O'Brien, who joined the company in 1993 and was named its CEO in 2007, says Staubach realized that even with the star power attached to his name, the company would grow to only a certain level unless he brought in the best real estate brokers he could find. To attract this kind of talent, Staubach granted his brokers an equity stake in the company while developing a common set of values that emphasized teamwork. His strategy worked, and company revenue has grown from $20 million in 1993 to more than $400 million in 2006.

The separate elements that can elevate a company from an optimistic fledgling to a major player in its market might seem obvious enough when a reader comes across it in a book such as this one. Of course, as McFarland points out, there are plenty of companies that never advance past their entrepreneurial stages and simply fail. Other companies will never become dominant forces in their respective markets and either stay small or get absorbed by larger competitors. Whether or not companies like these fail to obtain breakthrough status because they lack the characteristics of success found in the businesses McFarland examined or for reasons beyond the scope of McFarland's research can certainly be debated. But it's hard to ignore the evidence he lays out when telling the stories of the nine model companies.

Some of the other characteristics of success that McFarland writes about include how an entrepreneurial company needs to take risks as it grows — "upping the ante," as he calls

"Obviously McFarland is correct in emphasizing the differences in these nine breakthrough companies. In an age when so much attention is placed on high-tech businesses, these nine companies represent real diversity."

it. Another characteristic addresses the issue of how, as small companies grow, they need to maintain the qualities that made them successful because they were small, such as low costs, giving customers what they want, and quick reaction times to internal and external problems. McFarland also examines how breakthrough companies are the ones that develop a healthy network of sources outside their firms that will help lift them to the next level of success. And perhaps the most important characteristic of all is how building company character is essential to its success. Character differs from values, McFarland writes, in that values are what companies purport to believe, while character is how people in an organization actually act.

While each company he examined had its own special character, he found that they all shared four characteristics: they gave people (employees and customers) a fair deal; they believed in the people they interacted with; they were miserly in a strategic way; and their word really counted.

## Surprise, Surprise

One distinguishing aspect of *The Breakthrough Company* is McFarland's willingness to share some of the surprising results he and his team found while conducting their research. He writes that this was the most enjoyable part of his five-year study and believes that some of these surprises are significant contributors to a breakthrough company's success.

As mentioned earlier, the need to take risks on occasion is one of the characteristics that contributes to a company's rise above the entrepreneurial stage. It might logically be assumed that entrepreneurs, who are willing to invest what is often a life's savings into a business, are by nature risk takers. Wrong assumption, according to McFarland. He writes that his team's analysis of more than 250 CEOs indicated a range across the entire spectrum when it came to approaching risks. Some leaders were quite receptive to taking a big chance, others less so and some not at all. And if developing brand-new, never-before-seen products is an indication of risk, McFarland found that 71 percent of new companies are actually imitating already existing services or products — not the stuff of a gambling personality.

McFarland includes a list of surprises at the end of each chapter as it pertains to the subject at hand. He labels these surprises "grapefruit squirts," a somewhat clunky term that most likely won't grow on the reader, but business book authors do have a tendency to search for catchphrases and McFarland is no different. In any case, his lists of surprises account for some of the most intriguing parts of the book. Take for example that every breakthrough company McFarland investigated shared at least one story of how a single individual — oftentimes several levels down from the CEO — recognized a need for change and pursued this change until senior management took notice. Or how many company leaders viewed adverse times as opportunities for making their companies stronger. Many breakthrough leaders worried more about keeping their companies sharp and focused during the good times than during the bad.

It's these types of insights that McFarland deftly blends into this guidebook of organizational change that make it a valuable addition to the library of business literature. The fact that he is able to include such information in the form of stories told by business leaders renders it both entertaining and accessible. McFarland also includes a fair number of informative charts and illustrations in the book that are unobtrusive and straightforward.

McFarland delivers something of a surprise himself in the book's concluding section, where he writes, "When I started this project, I didn't intend to write a book." Of course, even the casual reader will recall that in the book's introduction McFarland reflects on the fact that both Peter Drucker and Jim Collins had urged him to write just such a book. Maybe it's a sense of modesty on McFarland's part, but nevertheless, his book was written, and it should hold special interest for those business leaders who really want to consider whether there are consistent traits in those successful companies that survive and flourish long after the entrepreneurial days are past.

**The author:** Keith R. McFarland was named an associate dean of the Business School at Pepperdine University at the age of 26. Following that, he served as the CEO for two technology companies before he founded McFarland Strategy Partners. McFarland is a regular contributor to *Inc.* magazine, and he writes a column for the online version of *BusinessWeek*.

**1-800-SUMMARY**
**service@summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions: $209 per year in the United States, Canada and Mexico, and $295 to all other countries. Periodicals postage paid at Concordville, Pa., and additional offices.
**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2008 by Soundview Executive Book Summaries.
**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton,** Editor In Chief; **Melissa Ward**, Managing Editor; **Christine Wright**, Senior Graphic Designer

30B-FBR

· Book 23 of 67 ·

# Fix This Next

Mike Michalowicz

soundview
Executive Book Summaries®

# Fix This Next

## Make the Vital Change That Will Level Up Your Business




*by* **Mike Michalowicz**

## Contents

The Business Owner's Compass
*Page 2*

Find It and Fix It
*Page 3*

Establish Predictable Sales
*Page 3*

Create Permanent Profit
*Page 4*

Achieve Organizational Order
*Page 5*

Evolve from Transaction to Transformation with Impact
*Page 6*

Spark Your Company's Forever Legacy
*Page 7*

## THE SUMMARY IN BRIEF

The biggest problem entrepreneurs have is that they don't know what their biggest problem is. If you find yourself trapped between stagnating sales, staff turnover, and unhappy customers, what do you fix first? Every issue seems urgent—but there's no way to address all of them at once. The result? A business that continues to go in endless circles putting out urgent fires and prioritizing the wrong things.

Fortunately, Mike Michalowicz has a simple system to help you eradicate these frustrations and get your business moving forward, fast. In ***Fix This Next***, he describes how every business has a hierarchy of needs, and if you can understand where you are in that hierarchy, you can identify what needs immediate attention. Simply fix that one thing next, and your business will naturally and effortlessly level up.

***Fix This Next*** offers a simple, unique, and wildly powerful business compass that has already helped tens of thousands of companies get to the next level, and will do the same for you. Immediately.

## IN THIS SUMMARY, YOU WILL LEARN:

- The Business Hierarchy of Needs and how to use it.
- To identify and focus on your Vital Need.
- To better understand sales, profit, and order and how to leverage them in your organization.
- To shift your mindset so you can focus on your company's impact and legacy.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, Suite 202, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • Vol. 43, No. 9 (3 parts), Part 3, September 2021 • Order #43-24 • Meghan P. Kozak, Editor-in-Chief • Ashleigh Imus, Senior Editor • Kylie Waytuck, Graphic Designer

## The Business Owner's Compass

You arrive at your desk in the morning, put on your firefighter gear (your glasses, your email app, and a cup of coffee with a double shot of espresso), and get to work putting out fires. Calm the pissed-off customer. Send out the late proposal. Scramble to cover payroll—right after you deliver a speech to your employees about your company's "bright future."

Even when you do find time to hunker down with that big project you've been putting off, the question that begs to be answered is, Does it really matter? That one big thing you are finally about to tackle, will it really have a significant impact?

You *can* move your business forward in big strides and in short order. Your vision for your business can become a reality. And it will, once you figure out what your biggest problem is right now, and then devote yourself to fixing that next.

Fix This Next is a simple system that works like a compass for your business. Getting your business bearings begins with what you see as a barrier to your company's path forward, and then, in four simple steps, home in on the direction you need to take (that is, the problem you need to solve).

### The Business Hierarchy of Needs

In 1943, Abraham Maslow identified what has now become known as Maslow's hierarchy of needs. Maslow's theory states that there are five categories of human need: physiological, safety, belongingness, esteem, and self-actualization.

In order for us to attend to something higher on the list, we first need to make sure that our needs are met in the categories below it. So, for example, before you can focus on meeting your needs for love and belonging, you first need the basics: air to breathe, adequate hydration and nutrition, and a safe place to sleep.

Maslow's hierarchy of needs has a direct correlation to entrepreneurial progress. A healthy company must first attend to the base needs of sales, profit, and order before the leadership (you) can focus on more advanced pursuits, such as impact and legacy.

The key to climbing the hierarchy is simple: Fully satisfy your business's current level of needs, not by rushing to the apparent daily demands, not by addressing advanced needs before basic needs, and certainly not by trying to fix everything at once. To do this, use the Business Hierarchy of Needs (BHN).

The BHN has five levels and five Core Needs within each of the five levels:

**SALES**. At this foundational level, the business must focus on the creation of cash. Just as humans can't survive without oxygen, food, and water, if you don't have sales, your company will not be able to survive for long. The five Core Needs for Sales are lifestyle congruence, prospect attraction, client conversion, delivering on commitments, and collecting on commitments.

**PROFIT**. At the PROFIT level, the company's focus shifts to the creation of stability. Here, our business's needs line up pretty closely with our human needs for health, financial stability, and a secure and safe environment. The five Core Needs are debt eradication, margin health, transaction frequency, profitable leverage, and cash reserves.

**ORDER**. At this level, the focus is on the creation of efficiency, and the needs are related to ensuring that everything runs like clockwork. The five Core Needs are minimized wasted effort, role alignment, outcome delegation, linchpin redundancy, and mastery reputation.

**IMPACT**. The focus now is on the creation of transformation. This is how our business impacts the world. The five Core Needs are transformation orientation, mission motivation, dream alignment, feedback integrity, and complementary network.

**LEGACY**. At this highest level, the focus is on the creation of permanence. Ensuring that your business and the impact it delivers will live on after you move on requires that specific needs are met, such as what your long-term vision for your company is and how your business will adapt to changes in your industry, in consumer demand, and in the world. The five Core Needs are community continuance, intentional leadership turn, heart-based promoters, quarterly dynamics, and ongoing adaptation.

The BHN levels do not represent stages in business growth. They are levels of needs. Your business will not climb the hierarchy in a linear fashion but move up and down levels as it progresses. However, you can only concentrate your energy on solving one issue within one level at a time. The golden rule is always to satisfy the most essential need before addressing a need above it.

## Find It and Fix It

Let's learn a simple process to navigate the Business Hierarchy

> Most of us have sales goals that are purely arbitrary. . . like telling a Little League team they are going to win the Super Bowl by becoming champion drivers at the Indy.

of Needs (BHN) so you can find what to fix next, and a simple method to find a solution so you can fix it and move on.

Any chain is only as strong as its weakest link. No matter what you try, you can't manipulate the process to make a different part of it break. It has a natural weak spot. If you want to strengthen the entirety of the chain you must address its weakest link, which, in the context of your business, is the Vital Need. At any moment, of all the Core Needs that exist within your business there is a single Vital Need that represents the current weakest link. Your job is to find it and then fix it next, before you move on to what emerges as the new Vital Need.

Using the BHN as your checklist, here are the steps to figuring out which Core Need is your Vital Need and the one you must fix next:

**STEP 1—Identify:** Within each level, check off the Core Needs that your company is adequately meeting to support the level above it. If you aren't adequately meeting a need or don't know, leave it unchecked.

**STEP 2—Pinpoint:** Evaluate the lowest level that has unchecked Core Needs. So if you have unchecked needs in PROFIT, IMPACT, and LEGACY, work at the lowest level of the three: PROFIT. Of the needs you left unchecked at that level, which one is most crucial at this moment? Circle this as your Vital Need.

**STEP 3—Fulfill:** Generate measurable solutions for the circled Vital Need. Implement your solutions until the Vital Need is adequately addressed.

**STEP 4—Repeat:** With the Vital Need fixed, find the next Vital Need by repeating the three steps above. Use this process for the life of your business to navigate through challenges, maximize opportunities, and continually uplevel your business.

You can't grind the business to a halt while you work only on the next Vital Need. Using Fix This Next, we identify the biggest problem that, when fixed, will unleash the most forward momentum for the business. Instead of doing everything all the time, we will continue to maintain the necessary effort and allocate remaining resources to fully serve the next Vital Need.

Let's now turn to the BHN's five levels and five Core Needs.

## Establish Predictable Sales

Most of us have sales goals that are purely arbitrary. We pick a goal of 500,000, or a million, or 500 million out of the air, and then try to rally ourselves and our team to win. It's so random, it is like telling a Little League baseball team that they are going to win the Super Bowl by becoming champion drivers at the Indy. It sounds crazy big, but all it is, is big crazy.

Now let's go over the five Core Needs your company must meet in order to shore up the SALES level on the BHN.

**Need #1: Lifestyle Congruence**. The majority of business owners have not even considered how much income they need to take home in order to support their lifestyle. This is fast and easy but cannot be skipped.

You need to be clear on the personal income that supports your current level of personal comfort as a starting point. Calculate how much you'll need—how much you'll *really* need. The goal here is to determine the "comfort number," not the "aspiration or dream income." Once you've figured that out, reverse engineer the sales revenue you'll need to consistently support that. The goal is to have the right-size business for you.

**Need #2: Prospect Attraction**. Do you attract enough quality prospects to support your needed sales? By having a consistent presence in a community of ideal prospects, with a reputation for excellence, you will generate a degree of awareness in prospects, who will seek you out when they require your service or product. Look at any existing clients and identify the best ones. Which clients demonstrate that they value you? Which clients do you enjoy serving?

**Need #3: Client Conversion**. Do you convert enough of the right prospects into clients to support your needed

sales? Garbage in, garbage out. In other words, the consistency of your input (leads) dictates the quality of your output (conversions). So once you strengthen the leads need, you will be in a better position to bolster conversions. Your business may need to ensure it is attracting quality prospects before focusing efforts on client conversion.

Once you have a strong pipeline of quality prospects, the goal is to achieve a high conversion rate of those prospects, and if it applies to your business model, a high retention rate of those high-quality clients. In essence, you will serve fewer types of clients better by doing fewer things better.

**Need #4: Delivering on Commitments**. Do you fully deliver on your commitments to your clients? The key to killing it in the delivery phase of the sales agreement is setting expectations and beating them, or resetting them when you fall short. No matter if you can deliver on your promise as expected or you've fallen behind, keep your customer informed of your progress *before* they are compelled to inquire.

**Need #5: Collecting on Commitments**. Do your clients fully deliver on their commitments to you? A sale is only truly complete once both sides have delivered on the agreed-upon terms, which includes the client paying in full, on time. If your agreement is that the client pays you a certain amount by a certain time, and they are not fulfilling that, you have a sales problem. If you tolerate it, you have become a bank (lender) to your client. If you don't tolerate it, you are managing your sales need properly.

## Create Permanent Profit

Profit is the one concept commonly misunderstood by entrepreneurs. Generating profit isn't about making money for your business; it's about taking money from your business. Profit is cold hard cash that the shareholder(s) (the owner or owners of the business) can use for themselves in any way they want, such that using it will not negatively impact the continued healthy operations of the business.

When you master the PROFIT level, you bring fiscal health to your company. You reserve money for profitability, you accumulate cash reserves for emergencies, and you stay within the confines of what you truly can afford.

Here are the five needs your company must meet in order to shore up the PROFIT level on the BHN before you can focus on the next level.

**Need #1: Debt Eradication**. Do you consistently remove debt rather than accumulate it? Remember this simple rule: When you can't pay your bills, you can't afford your bills. Period. If you are not able to pay your bills without incurring debt, your basic PROFIT-level needs are not being met.

If this is true for your business, the actions to take are twofold: Cut costs. Increase margins.

**Need #2: Margin Health**. Do you have healthy profit margins within each of your offerings, and do you continually seek ways to improve them? Your clients want you to be profitable. They want you to back your offering, so that if they have a problem in two weeks, two years, or even two decades, you'll be there to solve it.

The only way to ensure your business will be there to support your clients and to have your head fully in the game is if you are perpetually profitable. When a client invests more money in your offering, they become more vested in the outcome. You should bill what is fair for both your client and you.

**Need #3: Transaction Frequency**. Do your clients repeatedly buy from you over alternatives? Most entrepreneurs try to go both deep and broad with their offerings. The problem is, you can't be masterful at all things because you can't allocate enough resources, or the best-suited resource, to all of your offerings. The most efficient solution is to reduce the number of offerings and to target a specific customer niche. The lesson is to seek ways to do more business more often with your clients, while never compromising or diluting the quality of work.

**Need #4: Profitable Leverage**. When debt is used, is it used to generate predictable, increased profitability? If there is a guarantee that taking on debt will result in more profit in a clearly defined time frame, you are positioned to leverage debt. Most businesses, though, don't leverage debt (while they may use that term); they are anchored by it. If debt is used to run the business operations, or to cover cost of goods sold, it is likely an indicator of a debt anchor. Good debt leverage is when one dollar borrowed results in a predictable dollar-plus return, and quickly.

**Need #5: Cash Reserves**. Does the business have enough cash reserves to cover all expenses for three months or longer? Desperate people do desperate things. That is not a position you want to be in. An adequate reserve of money enables you to navigate unforeseen circumstances with confidence. To allow business operations to continue unabated, or to take advantage of an unexpected oppor-

tunity, your business needs two to six times your average monthly revenue reserved in a vault account.

> When you have a mastery reputation, the customer will make extraordinary efforts to find you.

## Achieve Organizational Order

ORDER, a basic level in the entrepreneurial hierarchy, requires the improvement and dissemination of systems to achieve predictable outcomes. When you achieve this, the "cancer" that is unchecked growth and expansion is eliminated before it ever has a chance to get a foothold and stealthily kill your business.

When you bring ORDER to your business, you give it autonomy, because the company is no longer dependent on any one individual (including you). It has balance, strength, and fluidity. You are no longer carrying the business on your back, which means your company can continue without you—for a few days, or weeks, or years, or even a lifetime.

**Need #1: Minimized Wasted Effort**. Do you have an ongoing and working model to reduce bottlenecks, slowdowns, and inefficiencies? Every business is a manufacturer, including yours. You may not manufacture things per se, but we are all creating an experience, a final feeling. And we all go through a sequence of steps to deliver that feeling. Look at the steps you take, see where there is a time pile (where things slow down and the time to complete a task piles up) or bottleneck (inventory or paperwork sits around waiting for someone or something to get to it), and clear it up.

**Need #2: Role Alignment**. Are people's roles and responsibilities matched to their talents? Role alignment is about putting the people in positions where they flourish, which allows the company to flourish. It is not about putting people in roles where they don't fit and keeping them there. It's like doing a jigsaw puzzle. Your job is to match the piece to where it naturally fits; never jam it in.

**Need #3: Outcome Delegation**. Are the people closest to the problem empowered to resolve it? Ole Miss (University of Mississippi) has one of the most beautiful campuses in the country. They are known for it, and it's not by accident. It's by design. Or better said, it's by ORDER. In early 2000, Ole Miss realized that while other universities throughout the Southeastern Conference were overloaded with new student applications, they had disproportionately fewer applicants. Sounds like a SALES-level conversion Vital Need, right? It was, but to solve it, they ended up also fixing a Core Need on a different level: ORDER.

As they began to identify what would attract students to Ole Miss, they determined a beautiful campus would bring this benefit. Enter Jeff McManus, the head groundskeeper at Ole Miss, assigned to fix the problem. Instead of scheduling an executive meeting to brainstorm ideas, or Googling what other universities do, the first move he made was to call in the crew. Smart! Always gather the people who are closest to the problem and get their ideas for solutions.

The final analysis was that the campus wasn't in tip-top shape because the frontline people who beautify the grounds were being ignored. Jeff's first step was to elevate them. He gave them new uniforms and asked them for their ideas.

By getting efficient at maintenance, they had a shot at killing two birds with one stone: Ole Miss transformed their campus and dramatically improved their number of applicants, posting 18 consecutive years of increasing enrollment, thereby solving their Vital Need in SALES.

**Need #4: Linchpin Redundancy**. Is your business designed to operate unabated when key employees are not available? The goal is to get you away from doing the work and, instead, designing your business to do the work without you. Knowing the business can't depend on you will require you to make the business depend on itself. You must have redundancy. It strengthens your business and gives a pathway for everyone to step up. That is the definition of a business that runs like clockwork. And a business that is performing at the highest level of ORDER.

**Need #5: Mastery Reputation**. Are you known for being the best in your industry at what you do? When it comes to a mastery reputation, it is easy to think of the greats. What makes them great is their devotion to their craft. They do their one thing so well that people are compelled to buy from them, and the fees for their services become less and less relevant. When a client puts value in what you offer, they seek out the master.

Here is the irony: When you have a mastery reputation, the customer will make extraordinary efforts to find you.

## First Get, Then Give

After completing your Fix This Next analysis and reviewing the Vital Needs in SALES, PROFIT, and ORDER, you may be having a "Holy crap" moment, realizing that you have a lot of shoring up to do. Take heart. That you have come to this moment is a sign that you are on the right track.

### The "Get" and "Give" Levels of the BHN

Just like in your favorite song, the bridge is the connecting piece between the front and back of the melody. With SALES, PROFIT, and ORDER, you have heard the front end. Now we are going to transition to the last stages. But you need to hear this bridge first . . .

Philip Wilson, founder of Ecofiltro, is an energetic person. But he used to be a guy who sat in front of the TV, staring at CNBC, watching stocks. That was before he learned that 80 percent of families in Guatemala do not have clean water.

As Phil explained, to purify their water, people were boiling it, which required them to burn at least three logs a day. The cost was fifteen to twenty dollars a month to boil the water, and most families could not afford that. Phil's sister had started a nonprofit to help solve the problem, but she couldn't raise enough money to reach her goals. Phil realized that the scope of the problem could not be fixed with donations, and it surely couldn't be resolved by focusing on IMPACT alone.

So Phil made Ecofiltro into a social enterprise in which urban sales of water filters finance the distribution of filters to rural areas at an affordable price.

Phil followed the BHN compass to a T, though he would have called it "good business practices." To make an impact on the water-quality issue in Guatemala, Ecofiltro would first have to shore up the three foundational levels of a business's needs: SALES, PROFIT, and ORDER. Sales and profit fuel the good work they do, and ensuring ORDER is in place allows them to amplify it to meet a world-changing goal.

Phil said, "I always thought business was about accumulating money. I thought that one day in the distant future, I might become a philanthropist. At that point I would stop trying to get money and start giving money. But Ecofiltro taught me a new truth: Business is about both the getting and the giving, in synchronicity. You must establish a business where you facilitate growing demand, where you are profitable, and where you are efficient. You must continue to get all these things to be able to give."

No longer focusing on accumulating more money, Phil's life and work are now rooted in impact, and he's still accumulating money at the same pace. Funny how that works, huh?

You were put on this planet to have impact, and that impact is not achieved by sacrificing yourself or your business. This is not a martyrdom game. You must nail the foundation of SALES, PROFIT, and ORDER so that you can then give back to the world through IMPACT.

## Evolve from Transaction to Transformation with Impact

At the IMPACT level, your offering is no longer just transactional; it's transformational. People see the greater good your organization delivers—both in their own world and for the world at large.

With all of your five basic needs at the IMPACT level satisfied, price is a secondary consideration for your clients. They are no longer asking, "Is this the best deal?" They are asking, "How can I be part of this?" Their consideration becomes more about the movement or meaning than merely consumption. At the IMPACT level, you build brand loyalists, ambassadors, and lifelong members, because your company is on a mission for a greater good.

**Need #1: Transformation Orientation.** Does your business benefit clients through a transformation beyond the transaction? The Lost Kitchen in Freedom, Maine, has eight tables and one seating per night. This means they can serve about 45 customers—for dinner. That's it. No second or third locations. No breakfast, no lunch, and no Sunday brunch. No happy hour. No line out the door.

Oh, and they are only open nine months out of the year. Only eight tables and one seating, and the Lost Kitchen is a remarkable, if not magical, success. In fact, despite their remote location, theirs is one of the hardest reservations to get in the country.

After losing her diner and her home in a divorce, chef and owner Erin French opened her farm-to-table restaurant with the intention of providing more than a meal for her customers, whom she considers guests. She wanted to

If right now you are asking "Is this all there is?" then you are definitely ready for IMPACT and LEGACY.

create a dinner-party experience in keeping with the pace, values, and ideals of her community. And she wanted a restaurant that freed her from the typical grind most chefs endured without question.

Shortly after opening the Lost Kitchen, they received international acclaim. French received three coveted James Beard nominations (like the Oscars for chefs) and published her first book.

When we focus on the transformation we want to provide for our clients rather than on the transaction (making a sale), we are truly making an impact on their lives.

**Need #2: Mission Motivation**. Are all employees (including leadership) motivated more by delivering on the mission than by their individual roles? Once you realize your mission is your song, you and the people who choose to work with you will be able to quickly pick out the melodies that move them. Your mission is your melody. Identify one that connects with your soul, and start singing.

**Need #3: Dream Alignment**. Are people's individual dreams aligned with the path of the business's grand vision? When your employee's job is designed to align with their personal goals and dreams, they will perform better for you and they will stick around. This is because you are making an impact on their lives that goes beyond a paycheck and health insurance. You are helping them create the lifestyle they want to live and become the person they want to be. You are putting them first, and as a result they put you first.

**Need #4: Feedback Integrity**. Are your people, clients, and community empowered to give both critical and complimentary feedback? To ensure we are making an impact, we need to hear from the people. We need to hear from our clients, our vendors, our community. We need to hear from our team. Are we delivering on our purpose? Are we staying true to our mission? Are we making an impact on their world? Our world?

**Need #5: Complementary Network**. Does your business seek to collaborate with vendors (including competitors) who serve the same customer base in order to improve the customer experience? Amazon embraced their competition in a big way. Rather than try to outprice vendors, they decided to partner with them. Now nearly anyone can have an eCommerce presence on Amazon. Even when a customer chooses a vendor on an Amazon affiliate site over Amazon itself, they win. Amazon gets a percentage of sales, and they are seen as the go-to online store for everything from dental floss to tiny houses.

## Spark Your Company's Forever Legacy

In April 2017, a local teen was walking through a field in Kansas and found a cannonball. An old cannonball. A very old cannonball. Local authorities notified archaeological experts, and it was immediately identified as a conquistador cannonball used in attacks against the indigenous population. What was subsequently found "under" the cannonball was the city of Eztanoas. An entire lost city of Native Americans, hiding away in Kansas.

That is what it will feel like when you experience the two highest levels of the Business Hierarchy of Needs, IMPACT and LEGACY. These levels are the size of a city, compared to the three foundational levels. Because it is at these highest levels that the business and you transform from getting to giving. This is where you have the realization that you are on the planet to contribute in some unique fashion, specific to you.

IMPACT and LEGACY matter but only the day you make a mental shift. If you realize there is something much bigger happening, then you are ready to play all five levels. If right now you are asking "Is this all there is?" then you are definitely ready for IMPACT and LEGACY.

Legacy for a business is all about the business continuing to have impact beyond your active participation. This is when you realize that the business you started and grew and served and did everything within your power to make successful was never really about you. At the LEGACY level of the BHN, the business is linked to the mission and purpose of the organization, not the founder.

**Need #1: Community Continuance**. Do your clients

fervently defend, support, and help the business? Legacy is not about going public or making billions. Legacy is about intentionally leaving your mark in the way you envision. How do you want to see the world changed, even if your world is simply your community or friends? At the LEGACY level of the BHN, you are defining what you want to leave as your mark, setting up a structure for that to happen, and then making your exit—on your terms.

**Need #2: Intentional Leadership Turn**. Is there a plan for leadership to transition and stay fresh? Do you have a plan for people to take over leadership when you move on? How will your innovative ideas spread without you? These are the questions you must ask yourself if you are going to fulfill this basic LEGACY need.

**Need #3: Heart-based Promoters**. Is the organization promoted by individuals inside and outside the organization, without need of direction? Successful brands create a unique community for their clients. These companies, through their actions and what they stand for, are showering their customers with love and affection and belonging. At the end of the day, that is what people really want. And when they get it from a good company, they will shout it from the rooftops, because they are part of something.

**Need #4: Quarterly Dynamics**. Does your business have a clear vision for its future and dynamically adjust quarterly to make that vision become true? Quarterly dynamics is the simple concept of adjusting to the parameters around your business every 90 days, to most efficiently move toward your objective. Similar to the tacking method used by sailors to capture the wind (energy) around their sailboat, quarterly dynamics is a method to regularly realign all the elements of your business.

**Need #5: Ongoing Adaptation**. Is the business designed to constantly adapt and improve, including finding ways to better and best itself? Everything that is working for your business now will likely stop working at some point and need to be replaced by something new—a new approach, new technology or equipment, or new roles in your company. Is your business prepared for hard or impossible-to-predict change? You can't leave a legacy if your company dies because it is unprepared for the unexpected.

Imagine taking your power and channeling it in a specific direction instead of jumping back to the same things as yesterday. Imagine the distance you can cover. Imagine what you can discover in your journey.

Now you have the tool that will help you create sustained, healthy growth; the tool that will make it easy for you to figure out exactly which area of your business to focus on first and exactly which problem to fix next. The BHN is the tool, the compass, that makes mastery inevitable—as long as you use it.

## IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- ***Big Enough: Building a Business that Scales with Your Lifestyle*** by Lee LeFever
- ***Built, Not Born: A Self-Made Billionaire's No-Nonsense Guide for Entrepreneurs*** by Tom Golisano, Mike Wicks



Mike Michalowicz launched and sold two multimillion-dollar companies and is the author of ***Profit First, The Pumpkin Plan, Clockwork***, and ***Get Different.*** He is the host of the American Express Turning Points podcast, and he is a popular speaker who has shared his insights on business and entrepreneurship at TEDx, CreativeLive, INCmty, and others. His columns have appeared in *The Wall Street Journal*, *Box Pro* magazine, *Entrepreneur*, OPEN Forum, *Harvard Business Review*, and more.

From ***Fix This Next: Make the Vital Change That Will Level Up Your Business*** by Mike Michalowicz
Copyright © 2020 Mike Michalowicz. Published by arrangement with HarperCollins Leadership, a division of HarperCollins Focus, LLC. 272 pages. ISBN 978-0-5930-8441-0. Summary copyright © 2021 by Soundview Book Summaries ® www.summary.com, 1-800-SUMMARY.

· Book 24 of 67 ·

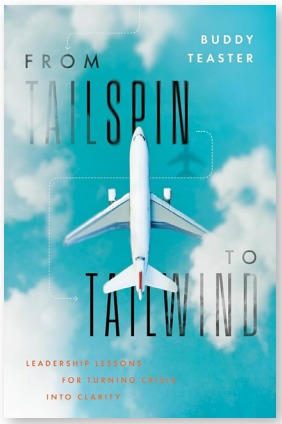
# From Tailspin to Tailwind

Buddy Teaster

Executive Book Summaries®

# From Tailspin to Tailwind

## Leadership Lessons for Turning Crisis into Clarity




*by* **Buddy Teaster**

## Contents

Getting Up to Speed
*Page 2*

Surviving Self-Inflicted Wounds and Unforeseen Loss
*Page 3*

Clarifying the Mission and Setting a Vision
*Page 4*

Building a Strong Team
*Page 5*

Powering Change and Growth
*Page 6*

## THE SUMMARY IN BRIEF

Organizations – whether for-profit or nonprofit – often face moments of deep turbulence: reputational damage, leadership voids, and operational breakdowns. What matters is finding the strength and resources to overcome these challenges and turn adversity into opportunity for growth.

In ***From Tailspin to Tailwind: Leadership Lessons for Turning Crisis into Clarity***, Buddy Teaster, President and CEO of Soles4Souls, shares how his nonprofit navigated just such a crisis and emerged stronger. Teaster recounts Soles4Souls's transformation from a troubled charity into a high-performing social enterprise. Drawing on firsthand experience, he outlines a practical, values-driven playbook that helped rebuild trust, restructure operations, and scale impact.

The book offers real-world strategies for leaders grappling with dysfunction, showing how transparency, entrepreneurial thinking, and collaborative leadership can turn chaos into sustained growth. Whether you're leading through upheaval or proactively working to strengthen your organization, this book offers actionable guidance to move from crisis toward clarity and resilience.

## IN THIS EXECUTIVE BOOK SUMMARY:

- Learn how to stabilize your organization by clearly defining and living out your mission and values.
- Discover how to implement strong operating systems to improve accountability and efficiency.
- Understand the importance of building aligned teams and an engaged board of directors.
- Explore how strategic partnerships can unlock new growth opportunities.
- See how business discipline and social impact can coexist to drive meaningful, measurable outcomes.

## Introduction: Navigating the Storm

It looked so good at the beginning. A new approach to a problem, industry enthusiasm, millions of dollars in funding, good PR. And it took off like a rocket ship. Success led to success.

I'm talking about the founding of Soles4Souls (S4S), a 501(C)3 nonprofit organization, creating opportunities for people through shoes and clothing. S4S was launched with a simple vision and a noble purpose. But five years after S4S was officially founded in 2006, the organization seemed to have lost its way. Things didn't seem simple or, frankly, noble.

S4S was in a tailspin.

When I arrived as S4S's new CEO in October 2012, our reputation was in the tank, and bankruptcy appeared imminent. With a glass-half-full mindset, I saw the opportunity to change anything and everything.

This book details far more than how we went about transforming S4S's reputation. This book examines how a struggling organization overcame significant challenges through innovative approaches, strong values, and effective partnerships.

## Chapter 1: Getting Up to Speed

By 2018, not only had we finally climbed out of crisis management mode; we had evolved our mission from "Changing the World One Pair at a Time" to "Wearing Out Poverty," and we were back in the black financially. We were focused on the entire organization living by the values represented in the acronym we had settled on to explain how we wanted to approach our work and treat everyone in our ecosystem: TEAM.

**T**ransparent

**E**ntrepreneurial

**A**ccountable

**M**eaningful

The goal of this book is to chronicle how we became more adaptive, collaborative, and innovative.

### From Natural Disasters to Manmade Calamities

The beginning of Soles4Souls is rooted in the events that occurred on December 26, 2004, in the Indian Ocean. A 9.2-9.3 magnitude earthquake spawned a tsunami that slammed into the west coast of Sumatra, Indonesia, killing nearly 230,000 people and displacing more than 1.7 million in fourteen countries around the region. Wanting to help those whose lives were torn apart by the tsunami, the three founders of S4S, one of whom – Wayne Elsey – came from footwear, organized a shoe drive. They collected a couple of hundred thousand pairs of shoes, shipped them to Indonesia, and succeeded in getting them distributed to those in need.

Parallel to its disaster relief efforts, S4S gradually evolved to include providing microentrepreneurs in low-income countries with shoes and clothes – products that are always in demand – to create small businesses that could help them and their communities escape the grip of poverty.

We have not only transformed this microentrepreneurship model but renamed it 4Opportunity – a name that goes to heart of how the program works, by creating *opportunity* for people to improve their standard of living.

When S4S began its shift toward supporting microenterprise in developing countries, it did so without fully informing its stakeholders: the shoe donors, volunteers, and even staff who coordinated shoe drives to secure donations. But a 2009 investigative report in *The Tennessean* told everyone – describing the much-loved charity as "a middleman "and raising concerns about Elsey's salary and close ties to the shoe industry. Sixteen months later, *The Tennessean* published another exposé, this one focused on the practice of selling shoes to microentrepreneurs and implying that donations were not going to charity.

S4S's failure to put its house in order in between these reports dealt a devastating blow to the public perception of the organization's work. Less than a year after *The Tennessean*'s second investigation, Elsey resigned, and a national search for his replacement began. Enter me.

In any business, including nonprofits, perception is everything. People who give time and money to causes they care about deserve to know, and we are responsible for showing them, that the people to whom they entrust these resources are good stewards.

### Turnaround

By 2018, we'd pulled out of the tailspin. We listened to smart, experienced people. We took careful notes on what worked and what didn't as we tried new strategies. Not only were we fully transparent about how and why entrepreneurs selling shoes worked; we also found that this openness forced us to improve the process.

Success can feel so good.
I think that's a universal human reality. Yet, success can lead to a mistaken self-satisfaction.

In 2019, we "rebranded" microenterprise as 4Opportunity and our disaster relief efforts as 4Relief. Changing the names of these programs was far more than simply altering their titles. We had spent years learning what was required to accomplish our mission and to maximize our impact, setting us on a path of realistic, intentional growth.

## Chapter 2: Surviving Self-Inflicted Wounds and Unforeseen Loss

While COVID-19 definitely slowed progress in reducing global poverty, generally speaking, millions of people moved out of extreme poverty in places such as India, China, and South America in the last twenty-five years. In 2024, most international organizations agreed that the standard for measuring extreme poverty stood at less than $2.15 per day, up only slightly from just under $2.00 a day in 2017. The only place in the world where extreme poverty was worsening was Sub-Saharan Africa.

Our COO David Graben and I shared the same attitude: If Sub-Saharan Africa was where the need was the greatest, then S4S needed to be there.

David received a call from a contact who told him that his father was living in Sierra Leone and working with the local people to improve cassava production rates. David's contact had told his father about 4Opportunity, and the father, John, was all in. We were so excited about the chance to work in Africa that we didn't do sufficient homework.

We got caught up in the moment and ignored the warning signs. John didn't have the cultural and economic expertise our typical partners possessed.

It worked for a while but then we sent a shipping container of really valuable shoes to John's warehouse in Freetown, Sierra Leone. Despite having a guard at the warehouse, someone stole the *entire* shipment. John owed us approximately $150,000, and he had nothing to his name and no shoes to sell. The loss broke John, and not just financially. His team disbanded in acrimony and blame. His health was so bad that he needed to leave Sierra Leone for a while. Just as we thought we were gaining some altitude, this felt like the beginning of another tailspin.

We'd fallen into a trap that is common to organizations like ours that are sincerely driven by mission: Success can feel so good. I think that's a universal human reality. Yet, success can lead to a mistaken self-satisfaction.

## Chapter 3: Strategy and Results

The abilities to be resilient and adaptable were at the core of what helped us survive 2020, just as they had been key to success in the first three or four years following 2012. To resilience and adaptability, I'll add collaboration as a central tenet for what allowed us to move from crisis to success. I see eight key strategies that allowed us to complete a turnaround:

- establishing core values
- clarifying mission and setting a vision
- implementing a robust operating system
- building a strong team
- engaging a committed board
- developing strategic partnerships that fuel growth
- powering change and growth
- identifying and activating a north star

Your organization probably looks different from ours. Your objectives are unique. The characteristics of your crisis are likely distinct. But if you want to take a strategic approach to surviving crisis – either one already playing out or the possibility of one on the horizon – you don't have a chance if you haven't defined, and learned to live by, shared core values.

## Chapter 4: Core Values = Culture

When it came to decision-making, the organizational culture I stepped into at S4S in 2012 seemed to value behaviors such as "stay in your lane," "bigger is better," and "story matters more than facts." This led to a narrow

understanding of responsibilities, little collaboration, and a lot of passing the buck.

We didn't approach the values-defining process by forming a committee. Most of the decisions about culture emerged from the context of problem-solving in specific, real-time circumstances and then stopping to talk about the positive things that occurred once we reached solutions.

### Soles4Souls' Core Values

- **Transparent**: We tell the truth to ourselves, each other, and everyone else. That goes for everything from financials to programs to team members.
- **Entrepreneurial**: If we're going to serve entrepreneurs, we need to act like entrepreneurs! We take calculated risks, learn from failure, and act like an owner.
- **Accountable**: We deliver on our promises to each other and those we serve.
- **Meaningful**: The work we do matters to us at Soles4Soul *and* to those we serve. S4S is more than a job; it's an opportunity to make a difference in the world.

### It Starts with Honesty

My one nonnegotiable was transparency. But I didn't start by articulating transparency as a core value. I didn't have to. All I had to do was remind us how we arrived at a crisis. On more than one occasion, I said, "Folks, we must earn everyone's trust again. We're in the hole, but we can regain trust by being honest about what happened, where we are, and where we're going."

### "STEPS" YOUR ORGANIZATION CAN TAKE

- Your organization has values, even if they're not written down. As a leader, one of your jobs is to make them visible and to be sure they are the ones you want to uphold.
- It is a leader's job to help shape values, not just name them. Listen and question, but have the courage to talk about what you think your organization's values should be and why.
- An organization has to find multiple ways to reinforce its values.
- Never pass up an opportunity to use your values to talk about how to get better or celebrate someone's example. Values are something that we live by, not something we can wear out.

## Chapter 5: Clarifying the Mission and Setting a Vision

How you frame your mission matters. It gives those outside of the organization a sense of who you are, and it serves as a compass for those on the inside. You can't fake it. If it's just a slogan, it's like a compass with no needle—it won't help you get where you want to go.

### Carrying a Compass

A combination of big dreams and practical approaches can have value in any organization. It lets you make rapid decisions with clear guardrails. It keeps you on task. The concept of mission doesn't have to be front and center every moment of the workday when you're busy doing the work, but it provides a direction when we reach a fork in the trail.

### "STEPS" YOUR ORGANIZATION CAN TAKE

- Your mission is a compass, not a map. It's critical in making decisions but not usually a day-to-day tool.
- Visions don't change very often; your mission might.
- Mission is a team sport. Creating one should reflect input from important stakeholders and be relatable to your entire organization.
- Missions should both close doors (what you won't do) and open them (what's possible and acceptable to do).
- Vision is critical, but it won't get you there.

## Chapter 6: Implementing a Robust Operating System

When it became clear how bad things were with S4S's systems, finances, and people, I knew we had to find and implement a different way to organize our thinking immediately. We challenged ourselves to start the reorganization by asking, "Why are we doing this? What are our targets?"

In 2012, only a few people knew much about what was really happening financially, programmatically, or managerially. This is not true at S4S today. We post our financials every morning. There's no place to hide. My personal priorities are visible to the whole organization, as are those of our team member who answers the phones. This level of accountability and transparency courses throughout the organization.

Just keep in mind that an operating system that fits your organization perfectly will still be useless without a quality team that knows how to use it to the greatest advantage.

How you frame your mission matters. It gives those outside of the organization a sense of who you are, and it serves as a compass for those on the inside. You can't fake it.

**"STEPS" YOUR ORGANIZATION CAN TAKE**

- There is not one right operating system. What can seem magical is finding one that fits your organization.
- Talk with leaders at other organizations that either have similar needs or similar values, or that are of similar size.
- No one works well in a vacuum.
- Good operating systems have accountability built in.

## Chapter 7: Building a Strong Team

On my arrival in 2012, we had sixty-two employees. Over the next two years, through attrition and asking some people to leave, we shrank to thirty-seven. Those who stayed on learned how to be lean and to step up in unfamiliar roles when a teammate needed help. The only incentive we could offer was togetherness; the feeling that came with everyone pitching in to save something we knew could do good.

We would fail or succeed as a team. We focused on creating an environment that supported people who wanted to work there.

**"STEPS" YOUR ORGANIZATION CAN TAKE**

- Treat people like people – not as resources or assets.
- If you need to be right all the time, you probably shouldn't be in charge of people.
- Don't assume that the "perks" of doing mission-driven work can be compensation on their own.
- Thinking that diversity is some "woke" trend is shortsighted.
- Mostly. Work is serious – it can be demanding, and among many nonprofit organizations emotionally overwhelming – but there's joy and fun as well.
- Different people find different rewards in their work.

## Chapter 8: Our Secret Weapon: A Committed Board

In 2012, it wasn't just our team that felt emotionally thrashed. So did our board members. All that was left were the two board members who had helped found S4S, and they were tired. During the interview process, I shared with them that I saw an engaged board as key to S4S's success. So, after the first six months, and with their support, we began to rebuild what I think of today as our secret strategic advantage: a world-class board.

I believe every organization and business would benefit from a committed, engaged board. Board members can provide invaluable oversight, open doors, and question assumptions that you might not even know you're making.

**"STEPS" YOUR ORGANIZATION CAN TAKE**

- Surround yourself with smart people.
- Seek diversity – in background, gender, race, age, expertise, and industry.
- Be honest with yourself.
- Leverage them.
- Recruit from their networks.

## Chapter 9: Cultivating Great Partnerships

At S4S, we have lots of partners acting in lots of different capacities. We are interdependent with them. Without partners and a partnership mindset, we would be stuck on the runway—with wings but no fuel for the engines. I don't think any organization can be successful without trusted partners. Why not turn to those who excel at things that you don't? We're fooling ourselves if we think we can be the best at everything.

**"STEPS" YOUR ORGANIZATION CAN TAKE**

- Thinking about what it means to be a partner, internally and externally, can change every interaction. Looking for what is mutually beneficial usually leads to better outcomes.
- Not everyone wants to be a partner … but you can still treat them like one.
- Partnership is long term.

- Sometimes, being a partner means you take one for the team.
- It's just better. I'd rather run the risk of being too trusting and open than playing defense all the time.

## Chapter 10: Powering Change and Growth

By 2019, we had spent more than a decade improving how we managed 4Relief and a half-dozen years learning how to generate growing, sustainable economic impact through 4Opportunity. We were financially stable. We had defined our Big Hairy Audacious Goal (BHAG) and had embraced our north star. The flight path felt steady. But it was also a time marked by the change and uncertainty that came with losing our beloved colleague David Graben. Late 2019 also marks the moment when we began having discussions among the team and the board about expanding our programming. Those discussions eventually led to the formation of 4EveryKid—a program that aspires to provide a pair of new athletic shoes to each kid experiencing homelessness in the US.

Why did we add a new program that would totally change how we worked, during a pandemic and while dealing with the death of a key executive? The obvious thing would have been to play it safe and focus on stability. But we made the opposite argument. The entrepreneurial answer when discovering a problem is to find a way to solve it – to run toward it, not from it.

### "STEPS" YOUR ORGANIZATION CAN TAKE

- It's a cliché, but good ideas can come from anywhere. The main thing is to be open to hearing the ideas.
- "Clear on why, flexible on how" has served us well. Do all you can to have as many options as you can manage.
- I think people who use the phrase "We're building the plane as we're flying it" are nuts. It's okay not to have all the details worked out, but people need to know they can count on you for the promises you make.

## Chapter 11: Following a North Star

In 2017, David Graben and I sat down and, after many months and numerous approaches to gathering data, determined that by 2030 S4S could reach an economic impact of a billion dollars—our BHAG. Our billion-dollar impact target was audacious and just this side of impossible. But to tie it all together, we needed to connect that target with how we could use it in making strategic and operational decisions. We wanted a north star worthy of the name.

### Choosing Your North Star

For some organizations, identifying a north star or a BHAG can be a "check the box" exercise. They set it in place and perhaps revisit it once a year during their annual report. It's more a vanity metric than integrated into their work. That's not what we wanted.

Our north star might not apply to anybody else; but beyond the literal, having the means to track your progress toward an achievable, audacious goal should matter to every organization. Our north star isn't just a measurement—it drives our overall strategy. Having the right north star is powerful; almost magical.

### "STEPS" YOUR ORGANIZATION CAN TAKE

- The north star or BHAG is a ten-/fifteen-year time horizon. Take your time and make sure it's one you want in front of you for the long haul.
- Your north star should fit your unique goals and strategies.
- For any strategy planning, usually in a three-to-five-year timeframe, it really helps to start with your north star.
- The best BHAG keeps one eye on the distant future and the other on the day-to-day.

## Conclusion: Finding the Updrafts

**It's easier to recognize the tailspin than the tailwind.** When the lights are flashing red on the financial situation or your team's turnover rate, you know. But as the indicators move from red to yellow to green, it doesn't always feel as though you're pulling out of it.

**Take the "W."** One thing I know I would do differently is taking time to celebrate the wins more often. There's a difference between thanking people, which I do, and pausing to call out the progress and success along the way, which I do less well. I think you need both.

**There is a time to let it go.** The tailspin seems like it's in S4S's DNA, but it's not. There is certainly value in knowing

where we came from, but, as the saying goes, you can't navigate the future looking in the rearview mirror. Hanging on to that story, those playbooks, can blind you to the opportunities ahead.

**"Everyone has a plan till they get punched in the face."** This is one of my favorite quotations, which I try to put into practice in two ways. The first is that plans don't usually survive contact with reality. The second is that you think you know what's important, but until choosing the "right" thing costs you, you don't really know how you'll respond.

**Doing it alone is a choice.** There's a whole network of people and institutions around each of us that both holds us back and enables us to do great things. Putting too much focus on just one person, the entrepreneur, leads to some dangerous side effects at best, and to some truly deranged beliefs at worst.

I cannot thank you enough for investing your time in our tailspin to tailwind story. But what matters most to me is that you found something worthwhile here, something that will help you when your own tailspin moment arrives, as it always does. And that a few of these ideas can be a part of you finding your tailwind. Onward and upward!



**Buddy Teaster** is the president and CEO of Soles4Souls, a global nonprofit that provides aid and supports sustainable microenterprise through the distribution of over 107 million pairs of shoes and garments in 140 countries. He is the author of *Shoestrings: How Your Donated Shoes and Clothes Help People Pull Themselves Out of Poverty*, and has been recognized as a YPO Global Impact Award Finalist and included in the Footwear News 2019 Power List. Under his leadership, Soles4Souls has been named one of *The Nonprofit Times*'s "Best Nonprofits to Work For" three years in a row. In his free time, Buddy enjoys endurance sports, storytelling, and time with his family.

***From Tailspin to Tailwind by Buddy Teaster***. Copyright © 2025 by Buddy Teaster. Summarized by permission of the Publisher, Forbes Books. ISBN: 979-8-89188-181-5. Summary published by Soundview Executive Book Summaries®. Copyright 2025 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 47SS10B

· Book 25 of 67 ·

# Game-Time Decision Making

David Meltzer

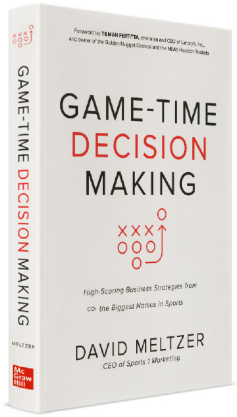
Entrepreneurship

soundview
Executive Book Summaries®

# Game-Time Decision Making

## High-Scoring Business Strategies from the Biggest Names in Sports

*by* **David Meltzer**




## Contents

Putting Together Your Roster by Building Yourself
*Page 2*

Offensive/Defensive Mindset
*Page 3*

Coaching Trees and Growth
*Page 3*

Being in the Game
*Page 5*

The Offense and Defense of Branding
*Page 6*

The Offense and Defense of Marketing
*Page 7*

The Offense and Defense of Communication
*Page 7*

## THE SUMMARY IN BRIEF

When the pressure is on, great coaches remain laser-focused, confident, and fully in charge of their roster. They're the same way when it comes to developing strategies and game plans to succeed. They always win because they have a superior decision-making process.

***Game-Time Decision Making*** provides everything you need to improve your decision-making game and build a championship-level business. It takes you step by step through the process of putting together an all-pro team with diverse skillsets, building a positive mindset that will overwhelm the competition, developing a keen awareness of "the playing field," creating both offensive and defensive strategies for branding and marketing, and more.

***Game-Time Decision Making*** is a proven playbook for positioning yourself for success. From creating and utilizing the best tactics and strategies to leading your company through times of change, this is your playbook for total business success.

## IN THIS SUMMARY, YOU WILL LEARN:

- Why attracting the right people to your team depends on building yourself.
- The importance of humility for making coaching a key part of the organization.
- To stay in the learning zone.
- Offensive and defensive strategies for branding, marketing, and communication.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2019 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • Vol. 41, No. 10 (3 parts), Part 2, October 2019 • Order #41-25 • Sarah T. Dayton, Editor-in-Chief • Ashleigh Imus, Senior Editor • Kylie O'Connor, Graphic Designer

## Introduction

In business, as in sports, it often comes down to split-second decision making "on the field," when the game is on the line, when the pressure is on, and your whole team is counting on you. Sports and business are both arenas where understanding yourself is just as important as understanding your opponent, where to be a winner and to create a dynasty of achievement and success, you need to make consistent decisions in an efficient, effective, and statistically successful manner.

Consistency, whether in life, on the field, or in the boardroom, comes from a combination of factors. The first of these is your awareness, which means having a clear understanding of the given situation, picturing desired outcomes, and acting accordingly. Decisions are also influenced by your conviction in achieving your goals and by the core values you hold, which inspire you to keep pushing through any adversity and curbing any inclinations to quit.

You must also be able to access the information you need rapidly, accurately, and with confidence, while also detaching your emotions from the desired outcome. The final component of consistent decision making comes from approaching each new game-time decision with a mindset of desire that strives for greatness, a spirit of excellence, along with the equally important aspect of forgiveness. You must understand that not every decision you make will be correct, and that's okay. There is never an acceptable excuse to stop making those calls, however.

Let's now learn how to build your mindset, to become the type of leader and coach that you want to be: a person who will put his or her team in a position to excel no matter what game you're playing.

## Putting Together Your Roster by Building Yourself

Every great coach needs a team to lead. How should you approach building yours? The best leaders have a firm grasp on the values that they believe in, and those values are what resonate most when building relationships, both in business and in life. As the head of an organization, you must also learn to listen to the input of others, filter advice in order to gain a better awareness of your surroundings, and leverage that heightened awareness to improve your decision making.

### Attracting the Right People to Our Team

To recruit the best players to our roster, it is essential that we develop and maintain meaningful relationships with the people surrounding us. But, ironically, the most important relationship we must develop and maintain to build our roster is with ourselves. We must not only think, say, and do the right things to attract the right people. We must also believe the right things and even carry the right energy.

This can happen only if we create the right personal and team values: gratitude, empathy, accountability, and effective communication. After we learn to love ourselves, the people we surround ourselves with will become relative to our integrity, happiness, and energy—and so our bonds will strengthen.

Our dream team includes family, friends, associates, and mentors. And the key to developing and maintaining the right relationships with these people is understanding relativity. Relativity means that everything and everyone on earth are all on the same team, no matter what. This understanding of relativity is meant to give you a perspective that is based on gratitude and empathy, which, in turn, makes everything relative to you. If you're always gracious, then everything is relatively good all the time.

Legendary basketball coach John Wooden included a great aphorism in his 1973 book, ***They Call Me Coach***: "Things turn out best for people who make the best of the way things turn out." Without the relativity that gratitude provides, we feel cheated, and we see only voids, obstacles, and shortages. With gratitude comes togetherness and a sense of team.

When your values have positioned you to be a leader of others, you must place a focus on the character of the individuals that you bring onto your team and consider whether their values and goals are aligned with yours.

Moreover, in business relationships, be prepared because everyone will test you, especially your team members. The best coaches don't demand respect from their team only at those times when they walk into the locker room. Instead, they have an expectation that their roster will live with a spirit of excellence. That expectation is something you need to drill into your squad, giving them the inspiration to push through the difficult times instead of simply looking for the easy way out. Share true stories, whether personal or observed, about former co-workers or employees who showed perseverance, or highlight current team members who display that attitude. As Lakers legend Jerry West said, "You can't get much done in life if you only work on the days when you feel good." To keep your team aligned with organizational goals, give them positive reinforcement, tools, or strategies that are rooted in your core values.

As Lakers legend Jerry West said, "You can't get much done in life if you only work on the days when you feel good."

## Offensive/Defensive Mindset

Once you have surrounded yourself with the right team, you must create a game plan with the right mindset. Having a negative mindset is one of the biggest mistakes that anyone can make, so you need to arm yourself to defend against any negativity that comes your way. Make sure your defense is ready for any offense.

How do you accomplish this? You must first understand how your mind works—consciously, subconsciously, and unconsciously. Just like the three phases of football (offense, defense, and special teams), you need to be successful in all three areas in order to consistently win.

Our *conscious* mind evaluates what people think, what people say, and what people do. The *subconscious* mind deals with the countless things that we believe. Belief becomes aligned with the entire roster of our thoughts, both conscious and subconscious. The reason for this is that what we believe vibrates faster than our conscious thought.

The totality of our personal values, experiential values, giving values, and receiving values are input into our subconscious and our unconscious. It is our *unconscious* competency, the energy that we carry, that attracts to us what we have in our life. Our unconscious is what guides our in-the-moment decision making, and this is why it is necessary to understand how information, good and bad, manifests itself in the results of those split-second choices.

### Unconscious Competency

Have you ever heard of a basketball player who is on a hot shooting streak referred to as being "unconscious"? There is a reason for that. When we do something over and over, the action gets ingrained in our cellular memory, which is something you can take advantage of so that you can be more efficient, effective, and statistically successful. This rapid thinking (and execution) is why you must program your mind the way athletes program their muscles.

A great way to avoid negative thinking and instill subconscious and unconscious confidence is through positive repetition. For athletes, having these positive mantras can help affirm their confidence in their abilities, preparing their mind to work in unison with their body.

One of the best examples of this is a set of mantras called "The Athlete's Litany." This set of phrases is meant to be repeated every day, until they are a subconscious belief and eventually an unconscious competency. These can be easily adapted and incorporated into the routine of any leader, imbuing confidence in the approach he or she is taking to solving a problem.

Creating a Leader's Litany of your own can help give you more resolve in your actions, leading to better performance and a mindset capable of handling any challenging decision that may come your way. For example,

- I have passion for my job.
- I am committed to the enjoyment of the pursuit of my potential.
- I will provide as much value as I can and ask big in return.
- I will give 100 percent of my focus and intention to excelling in my role at work and helping others to do the same.
- If I focus on progress and not perfection, I will succeed.
- I will think and talk positively.
- I will get out of my comfort zone and into the learning zone.
- I will not let my ego get in the way.
- I will be of service.

## Coaching Trees and Growth

Nothing accelerates a leader's growth and knowledge base better than finding individuals who sit in a position that the leader desires to be in and tapping into their experiences. Identifying the right mentors, based on their situational knowledge and core values, is easier said than done, but the

challenge of creating a relentless learning environment is one you must take if you want to put yourself in the best possible position to succeed.

Coaches can not only help you make the right decisions at the right time, but they can also save you from making the same kinds of mistakes they have made in their own leadership roles, and from paying the same prices for those mistakes.

An understanding of how to create a mentorship tree, not only for yourself but for your other team members, is key for any organization because this additional guidance fosters the personal and professional development that creates sustainable value throughout the organization.

Successful organizations are set up such that even if you're a coach or a mentor, you are always a mentee as well. This enables you to leverage two things that make a company successful: relationship capital and situational knowledge. You have relationship capital if you utilize the "ask and attract" methodology (see section on branding below). If you and your team members are all capable of doing that, your relationship capital will expand—and at the same time, you will also leverage your team's collective situational knowledge.

The efficiency and productivity of your decisions will rise exponentially if you are focused on leveraging situational knowledge. This can be accomplished in two ways. One is to give help. "Hey, this is how you should do it. I've been here before. Here are the mistakes that I made." The second way is through accessing your relationship capital. People need the relationship capital in place that can assist them with identifying the right production system, the best method of quality control, and so on.

### Being Humble Enough to Ask for Help

Identify those people who have the right situational knowledge or experience or who sit in a position that you want to be in. To do that, you have to be one thing: radically humble. Realize that most people love to give. Most people freely give their advice to those that value it. Most people love to share their experience, their situational knowledge. Even their relationship capital—most people love to give to those they emotionally connect with. The reason they love to give is ego based. It's really not a humble thing at all. They feel separate or superior when they're giving, and in a scarce world, they feel better about themselves when they give. You can always identify humble people because not only can they give unconditionally (without expectation or trading), but they can also ask for help.

The practice of humility opens your world to new skills and knowledge, key components for people who strive for greatness in their decision making. Take Kobe Bryant, for example. Most know him as one of the best scorers in NBA history, a champion by any definition of the word. But Bryant did not let his previous successes cloud his judgment when starting the media portion of his career. He was humble enough to call upon others who had different skill sets and a different knowledge base, and that's why his early forays into media, such as his Oscar Award–winning short film ***Dear Basketball***, have been such a hit with audiences.

## Don't Trip on the First-Down Chains Behind You

Your past should inform your decision making, but you cannot let your perspective of the past interfere with your future progress. An overreliance on your past can cause issues with your ego, such as a lack of forgiveness, that will unduly influence your decisions going forward and impair your ability to make the right call. Like a young quarterback, you need to have the right approach to "the game" in order to excel, regardless of any pressure that is put on you or pressure you might put on yourself.

The perception of our past is a huge problem in business, and this can be seen in the three realms of belief. We consciously trip on the first-down chains behind us by focusing too much on our past failures, shortcomings, or anxieties. Other times, subconsciously or unconsciously, we hold on to beliefs that are limiting.

### Zone Coverage: The Comfort, Learning, and Anxiety Zones

When things don't feel right when making decisions, take the step to identify when you are in your comfort zone, learning zone, or anxiety zone. Like a pitcher with a full count, you want to be in the right part of the zone to best enjoy the pursuit of your potential. You can't do that when you're in a comfort zone, and you can't do that when you're in an anxiety zone. You can enjoy the pursuit of your potential only when you're in the learning zone.

The comfort zone is the area that you know like the back of your hand, and it takes no thought at all. It is made up of your conscious and unconscious competencies, things that you can execute with minimal effort or attention. Your comfort zone encompasses your decisions that you regularly make and that you're 100 percent confident in.

You need to have a learning zone outside of your comfort zone because it will allow you to expand and learn how to make harder and more complex decisions. Expand your comfort zone the way a butterfly breaking out of a cocoon strengthens its wings so it can fly. The learning zone is where you can appreciate the lessons that the universe gives you. It's the enjoyment of the pursuit of your potential. It's where we live. It's where we practice, making well-informed decisions.

When you're in the anxiety zone, you're pushing yourself too hard, which is just as bad as being in the comfort zone. This happens all the time. People get in their own way. They're perceiving that they're not getting done in time, they don't have enough time, or things aren't happening fast enough. They keep worrying about what they're going to do next. It's all time and ego, which leads to fear.

The only lesson you learn from making a decision when you're in the anxiety zone is *don't make decisions when you're in the anxiety zone*. Instead, first go back to the learning zone, then make the decision. Gratitude, empathy, accountability, and effective communication will take you back to the learning zone.

For example, to avoid biased or tilted decision making, you need to work on creating an appropriate mistake response, which is simply a strategy to help you go back to the learning zone. Imagine throwing a pitch and saying "thank you" when the guy hits a home run off of you—and forgiving yourself. Are you more likely to pitch the next batter better if you get mad at yourself, if you get mad at the catcher, mad at the coach, or get mad at the batter? Or do you think you might have a better chance if you say "thank you" and forgive yourself?

You should do this for only one reason: If you're thankful, forgiving, accountable, and communicating effectively with what inspires you, then you have a much better chance to continue the game and win.

## Being in the Game

A team is unlikely to win the game they're playing today if they are focused on a future matchup. Persevering through lows, as well as maintaining composure through highs, comes from making today a focal point. Today is a day to make progress. We shouldn't worry about what has already happened or about what might happen in the future.

Maintaining a clear focus on today comes about when you learn to master a couple of different mental strategies: understanding how faith works and learning to be consistent and persistent in the goals you chase, while also detaching your happiness from the outcome you seek.

> You can enjoy the pursuit of your potential only when you're in the learning zone.

### Faith Is a Two-Way Player

A lot of people think faith works in only one way. "I hope that this positive thing happens," whether it's a specific desire or a broad one. But when you put faith in what you *don't* have, that means you're not playing the game and you're not in the present.

If you put faith in your fears, you manifest your fears. "I'm going to fumble this ball." "I'm so worried they're going to score a touchdown on me." If you think these things, guess what happens? More often than not, your fears will come true. Think about it in terms of a relief pitcher. If you've got a great pitch that you rely on—take Mariano Rivera's cut fastball, for example—what makes more sense? Having faith in that cut fastball or worrying about the other pitches that you don't have in your arsenal?

The consistent, persistent enjoyment of the pursuit of your potential helps you work hard in the present not only to achieve your goals but also to be happy and fulfilled, whether you win the Super Bowl or not.

### Go After Your Goals

To get what you want, you have to be consistent. Consistency is even more important than persistence because consistency breeds persistence—meaning, if you get in the habit of doing a particular thing every single day, quitting that habit is difficult.

What happens to people is that somewhere along the line, they think that their inspiration and persistent attitude are enough to keep going—and eventually they forget. Their momentum is gone, due to the zero effect. That's why when

people are trying to do things based on their perception of linear time—which is a man-made construct—they feel at the end of the month as if they have gotten no results despite relatively consistent effort. But if you did something for 28 out of 30 days, you zeroed out your progress two different times. The exponential growth factor and progress you can experience is reset each time you fail to work on that goal. Even though we feel that we've worked the entire month, missing two days costs you the desired outcome.

Phil Mickelson might not be the greatest golfer of all time, but he's up there, and that's because he's so consistent. He's one of the most skilled players of all time because he's been playing golf consistently and practicing during much of his spare time.

Consistency creates persistency. How can you do some-thing every day and quit? These words don't even belong in the same sentence. You can be born with the greatest talents and gifts, but if you're not persistent and consistent in the use of those skills, you cannot achieve your fullest potential.

In addition, detach happiness from achievement. Attaching your goals to happiness is what leads to unhappiness. So many people grow up believing that an achievement will automatically mean happiness: "When I graduate from high school, I'm going to be so happy." "When I make my first million dollars, I'm going to be so happy." Guess what never comes? Your happiness.

Choosing to detach from an outcome can seem extremely conflictual, and it is hard for people to understand. Approach every situation contemplating how much value you can provide, and you will get value in return. At the same time as you're chasing your goals, you must understand that there is no defined "finish line." That's why it can be helpful to view the goals as the yard markers on a football field with no defined end zone. You might not know exactly where you are in relation to your goals, but paying attention to the yard markers as you progress can empower you to be confident in your pursuit of a touchdown.

## The Offense and Defense of Branding

Finding the right balance of offense and defense is essential when determining how best to brand an individual, group, or company. And to find a brand message that reverberates in your target market, you must first understand the difference between a brand's frequency and its identity.

A *brand frequency* is a value proposition and emotional connection that is aligned with your target market or demographic, while a *brand identity* is the perception of your brand, combined with features and benefits associated with a brand's or organization's assets.

### Finding a Frequency

The first step of branding something is to find its frequency. You want a brand that rings true to your audience, something aligned with their beliefs, desires, or aspirations. To connect to others and take your message, product, service, or solution mainstream to the biggest audience, you first need to fully understand who you are, what you're selling, how you're selling it, and the value that it brings to others. You need to understand how your frequency, or that of your product, resonates with others and attracts them to the brand that you're trying to establish.

To find your frequency, or the frequency of a brand, you need to take stock in what it *is*—not what others tell you it is or what they perceive it to be. So many times in life, we try to listen to other people to find our own frequency. The optimal approach is actually the exact opposite. By finding our own frequency of products, services, or solutions, we can attract the widest audience and access the people the brand should address.

When individuals don't know the frequency of what they're selling, they tend to listen to other people and make misguided, disingenuous, or misinformed decisions. You've got to know your frequency and believe in it.

### Scoring Brand Points with Ask and Attract

On the offensive side of branding, the first step is to find your frequency. It is only when you know all of the assets that you have that you are able to defend that brand. The second step comes when you learn to ask and attract. That's an aggressive approach of building a brand.

Let's start with making an ask. If you have yourself as a product, service, or solution or if you have an existing product, service, or solution, and you've found the frequency of that brand, then you need to ask people if they would like to utilize it. If they wouldn't like it, it's not at their frequency; then you need to improve your statistical success by asking a second question: "Do you know anyone who might like it?" Those are the only two asks that you could have: "Do you want it?" or "Do you know somebody else who might want it?"

When it comes to communication, there is one overarching goal: Get your point across as clearly as possible when you are connecting with other people.

Attracts take a little bit more work to get down pat. These are messages designed to attract what we want. To use an attract efficiently, we put out a frequency that attracts people to gain their interest. For example, an attract could be as simple as a piece of digital content showing Red Sox fans celebrating the newest World Series win with their family, combined with a message related to a family ticket promotion.

When you stick to your frequency, connect to people emotionally, and actually make it a habit to ask and attract, a brand can go from the offensive, where we have to ask, to the defensive, where we can slow down and take time to deal with things such as a wait list for your product, service, or solution. Eventually, you'll have a frequency which vibrates at a speed that attracts so many people, you won't be able to handle the business. You'll have a brand so powerful that people will sleep outside for two days on the street to buy tickets to an event or to get the next version of your phone.

## The Offense and Defense of Marketing

How do you find a combination of push and pull marketing (or ask and attract marketing) that best fits your products or services? Not only do you need to learn to get aligned with your target market before launching your marketing efforts, but you also must have a complete grasp of the value you hold. Knowing your value, and how that value compares to competitors in the market, will empower you to make yourself equal to your competition. This is the first step in differentiating yourself from others.

### The AAA Strategy: Alignment, Action, Adjustment

The first thing you need to do in marketing is connect emotionally. How we connect emotionally to that which inspires and stimulates others is very simple when we put the AAA strategy into practice. First, we get aligned with our target market. To know what moves them, we have to know what their emotions and values are. Different things move people in different ways. If you are out of shape, you can be motivated by being marketed to with the emotions associated with getting you into shape. Using Kevin Hart to market its shoes, Nike can evoke an emotion of competitiveness, of redemption, of underdog turned hero, of elevation, of self-awareness—all of that plus a bit of self-deprecation.

We spend 80 percent of our time getting aligned emotionally with the audience we want to ask or attract. Then we take action and prepare for adjustment, and in today's world, the way we prepare for adjustment in offensive and defensive marketing is simply by gathering data and analyzing it to the best of our ability.

### Make Yourself Equal, Make Yourself Better

The second part of offensive and defensive marketing is to know the vibration of what you're marketing and how that can resonate with your audience. Knowing what differentiates your solution, product, service, and self gives you an unmatched competitive advantage.

If things have a different vibration, the first thing we have to do in marketing, offensively in asking or defensively by attracting, is make ourselves equal to our competitors. This means identifying the ways that we are the same, whether we provide the same service, similar features, or solve the same problem. Then we must make ourselves different from competitors. We locate our audience's current perceptions to connect emotionally, then take it to a higher level by differentiating ourselves.

## The Offense and Defense of Communication

When it comes to communication, there is one overarching goal: Get your point across as clearly as possible when you are connecting with other people. This is how you make sure your message is conveyed and your team is aligned with your team goals and your overarching values.

There are three distinct keys to any interpersonal communication. Those are what content you choose to convey, the access you provide to that content, and the medium through which you choose to express the content. Failure to select

the right content, access, or medium is a nemesis of effective communication. That is why you need to elevate your awareness by paying close attention to the *way* you connect to others and by understanding *whom* you are connecting to.

### The Two Ways to Connect and Communicate

We want to have everyone on our team on the same page, so that we're prepared to execute on the plan. Getting on the same page is foremost about establishing the connection between your team members, which happens in two different ways.

We first establish a connection by emotionally connecting to one person or a group. We connect emotionally when we talk about the things that are important to us. The second way to communicate is to connect to that which inspires you, whatever that may be. Inspiration is the fuel for your action. It's the fuel that goes through you to others. Inspiration allows us to do things that we can't even fathom doing.

Communication expert Frank Luntz used to say, "It's not what you say. It's what people hear." That's the crux of emotional communication. So many times, we perceive what others are saying factually and logically, but we're not connected emotionally. This can result in somebody's hearing the complete opposite of what we're intending to say.

Questioning is very important in communication because it brings clarity. Open-ended questions are normally asked when starting to get alignment. The overall goal of asking open-ended questions is to get stable data (correct information that enables and empowers us to make the right calls) in order to make an informed decision, but even more importantly, it allows you to emotionally connect to others or to that which inspires others.

We use close-ended questions to establish more logical alignment on top of our preexisting emotional connection. If you're selling customer relationship management (CRM) software and competing against Salesforce, you could start by asking open-ended questions such as, "What do you use today? What do you like about it? What don't you like about it?"

Then you could ask a close-ended question such as, "What if I were able to give you this particular functionality that you like, combined with this back-end support and this unique offering? Would you be interested?" A close-ended question usually has a "yes" or "no" answer.

It's not what we say. It's how we say it. So be a transformative communicator, and let things come through you. Make your communication clear and concise for others. When you are confident enough to share your vision, you can empower others to communicate effectively, and then empower others to do the same.

### IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- ***Get to Aha! Discover Your Positioning DNA and Dominate Your Competition*** by Andy Cunningham
- ***Game-Changer: Game Theory and the Art of Transforming Strategic Situations*** by David McAdams



David Meltzer is CEO of Sports 1 Marketing, one of the world's most successful sports marketing firms, and has been recognized as "Sports Humanitarian of the Year" by ***Variety***. He has spent 25 years working as an entrepreneur and executive in the legal, technology, sports, and entertainment fields.

Adapted by arrangement with McGraw-Hill Education LLC, from ***Game-Time Decision Making: High-Scoring Business Strategies from the Biggest Names in Sports*** by David Meltzer. Copyright © 2019 by McGraw-Hill Education LLC. 224 pages, ISBN 978-1-2604-5261-7.

Summary copyright © 2019 by Soundview Book Summaries ® www.summary.com, 1-800-SUMMARY.

· Book 26 of 67 ·

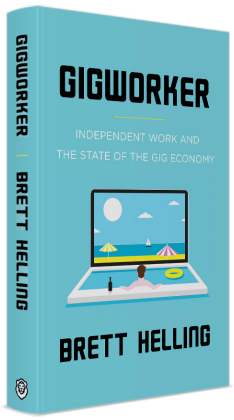
# Gigworker

Brett Helling

soundview
Executive Book Summaries®

# Gigworker

## Independent Work and the State of the Gig Economy




*by* **Brett Helling**

## Contents

Introduction
*Page 2*

Evolution of the Gig
*Page 2*

Myths and Realities of the Gig Economy
*Page 3*

Can You Handle the Gig?
*Page 3*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

Brett Helling is the founder of Gigworker.com, a website that serves as a catch-all resource for freelancers and gig workers looking to thrive in the new economy.

In ***Gigworker: Independent Work and the State of the Gig Economy,*** readers discover his secrets to entering, thriving in, and surviving the gig economy.

Gig work has transformed into its own massive industry, and as its power has grown it has also beckoned millions of people looking for more freedom and the chance to turn their passions into income. But is the gig economy for everyone? It can be, as long as you understand how to find your niche, maximize your success, and avoid the myths and pitfalls that are inherent to this new way of working and making a career. As long as you're able to have patience as you enter the gig economy, avoid delusions of fast cash and instant success, and practice self-care along the way, you can turn a gig into a business and a business into a career.

## IN THIS SUMMARY, YOU WILL LEARN:

- How the gig economy evolved.
- What gig work looks like today.
- How to get started and maximize your success.
- How to avoid pitfalls and manage mistakes in the gig economy.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, Suite 202, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • November 2021 • Order #43SS11C Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

Once people start researching today's gig economy, they often discover that their biggest problem isn't a lack of opportunities, but the difficulty in choosing from the wealth of possibilities available to them. The sheer number of options can be overwhelming.

The reality is that they're far from alone— over 57 million people freelanced in 2018, and that number is growing. The gig landscape is full of opportunity; it's vast, varied, and not difficult to navigate if you have the right information.

Do you want to go on a five-mile hike in the middle of the day when the sun is shining, the air is crisp, and the hiking conditions are just right? Do you want to travel to a remote island in the Caribbean to scuba dive for weeks on end yet still have the ability to work from a laptop on the beach in-between drives?

Do you want to learn how to fly a helicopter, taking flight courses mid-week in the middle of the day?

Do you want to spend more time with your children, aging parents, or friends?

The gig economy unlocks all of that— and more. You can shamelessly live live on your own terms.

This summary draws on the knowledge gained by millions of gig workers over the past decade, offering a hand up by eliminating much of the guesswork involved in joining the gig economy. It will cover:

- How the gig economy evolved
- What gig work looks like today
- Myths and realities
- Opportunities and risks in the gig economy
- How to get started
- How to maximize your success
- How to avoid pitfalls and manage obstacles
- The experiences of gig workers who have thrived
- What's next for the gig economy

## Evolution of the Gig

The gig economy feels like a modern phenomenon, but it didn't just materialize out of thin air. Gigs have been around since even before jazz musicians started using the word to describe their performances. If we consider gig work to be any part-time, freelance work, we can see that all kinds of people have been taking gigs for a very long time.

Today, the gig economy has grown more competitive than ever. But all of this competition among gig companies and workers creates an opportunity for people looking for independent work. As companies continue to compete, they continue to innovate, creating an astounding range of prospects for workers even as the traditional job market shrinks. And people are catching on.

Already, 368,000 Americans search for work-at-home jobs on Google each month

From 2014 to 2018, the freelance workforce grew from 53 million to 56.7 million

Almost half of all millennials currently freelance

By 2021, gig workers will outnumber traditional employees

By 2027, the majority of the United States workforce is predicted to be involved with the gig economy

The gig economy isn't just coming; it's already here. In this second wave of gig economy growth, independent work will become more than just an option; it will become the norm. This is especially true in light of the COVID-19 pandemic. The overall trend is people are more interested in the gig economy, and there are more opportunities now than there were even five years ago thanks to technology and app-based platforms. It's time for us all to accept the revolution and jump on board.

### The Current State of the Gig Economy

In the United States today, more than one in three workers have done some sort of gig work. Among people in traditional jobs, one in six would like to switch to the gig economy full time. That's 79 to 129 million people who say they want to leave their traditional jobs for gig work.

Gig workers range from recent college graduates and mid-career professionals to retirement age individuals who want to continue generating income and pursuing their passions well into old age.

So, why gig work? Many gig workers are looking for better work-life balance. Most cite freedom and flexibility as top reasons for making the jump. Plus, they are also in it for

the money.

Forty percent of independent workers do gig work to earn extra money as a secondary source of income

Fourteen percent wouldn't say gig work is their first choice, but they need the money and gig jobs are readily available

Sixteen percent struggle to pay the bills each month, so they pick up independent jobs to make ends meet

Forty-two percent of people freelance for the simple reason that they're unable to work a full time job

Half of people have no retirement savings and look to gig work to fund their retirement years

As the coronavirus pandemic swept the world in 202, it disrupted everything in its wake. While millions of people lost their jobs, millions more started to work from home for the first time. COVID-19 could very well be the catalyst for more companies to adopt remote work in the long run— and it won't just be for temporary work, either.

## Myths and Realities of the Gig Economy

**Myth #1: Gig work is easy, flexible and fun**

Although working in the gig economy can be flexible and fun, it's not without its drawbacks. And it's anything but easy— after all, you're still working. Learning to enjoy the freedom and flexibility that freelancing offers comes with a steep learning curve. When you're working for yourself, being disciplined is vital to your success. You still have to put in the work, and part of that is having the discipline to schedule yourself appropriately. Succeeding in the gig economy is work. It requires an immense amount of discipline and an entrepreneurial mindset.

**Myth #2: Gig work will make me rich, fast!**

If you get in with a well-funded company in its earliest phases in the gig economy, they're oftentimes willing to pay higher rates and bonuses to get themselves launched. If you time it right, the potential to make a lot of money quickly is there, but huge payouts are not that common. More importantly, those types of payouts or bonuses are not usually sustainable. In an effort to save money and work towards profitability, a well-funded gig company will oftentimes drop any guerrilla marketing programs as soon as they meet their market share goal.

Instead, expect to struggle to make money at first. Gig work is still work, and you have to be strategic and thoughtful about how you do that work. You can earn a decent income in the gig economy by planning well and working hard— gig work might make you rich, but not right away.

**Myth #3: The company will take care of me**

The relationship between companies in the gig economy and their workers is very different from that of traditional employers with dedicated human resource departments. Some new gig workers also feel like the more established companies will provide some protection for them, but that's not usually the case either.

When you're an independent contractor, anything can happen, no matter who you work for. Don't let a big name lull you into a false sense of security.

**Myth #4: There's no place for me in the gig economy**

With such a wide array of gigs available, and new ones on the horizon, there is likely an appropriate place in the gig economy for nearly anyone— as long as you put in the work and planning necessary to find your niche.

## Can You Handle the Gig?

Working hard is part of the equation when pursuing any goal, and gig work is no different.

Working in the gig economy is also often romanticized. You get to travel. You can take time off whenever you feel like it. You get to do whatever you want. This is true, but you still have to put in the work in order to do those things.

In the beginning, gig work is going to seem hard and frustrating. This is normal. The learning curve can be significant, depending on your level of experience and what you're venturing out to do. But the more time you spend in the field making contacts, building relationships, submitting bids, and completing work, the easier everything will become.

And what about that elusive 'work-life balance' everyone seems to always be chasing? It's definitely possible, but it will still take more hard work. If you think you have what it takes to join the gig economy after digging deep and getting personal, your next step is to dive in.

### Getting in on the Gig...and Succeeding

Now that you've defined what you want, how do you find a gig job that's right for you? Many people start by signing up for one of the many gig marketplaces available online,

such as Fiverr or Upwork. After you sign up, answer the profile questions, post a portfolio, and you're ready to start responding to gig requests with carefully crafted pitches. At first, you'll probably get nowhere. But eventually you'll land that ever-important first gig that will lead to so many more opportunities later.

The more work you do, the better you'll get. The more you practice bidding, the better you'll become. And the more experience you gain, the better you'll become at knowing your worth and what to charge.

You should always be sure to research the cost of doing business. This is an aspect that many gig workers fail at— recognizing that there's a difference between earnings and profit. It's the reason roughly half of all Uber drivers quit after one year— they fail to account for the cost of operating their vehicle as a rideshare service, and can't manage to turn a profit.

Overall, remember to enjoy it. If you have a passion that you are capable of making money with, you have a business that can bring you financial security and joy. But the second it stops being fun, you need to reevaluate what you're doing and make some changes.

### Surviving the Gig

The gig economy is not for everyone. There's no boss telling you what to do. There's no company looking out for you. There's no consistent paycheck after clocking in the hours. Working alone can be exciting, liberating, and amazing, but it can also be scary, lonely, and stressful.

You'll encounter issues that will put things into perspective. Before, you might be stressing out because you were running late to a meeting. In the gig economy, you'll be stressing out when you lose half of your revenue overnight. But with your commitment to yourself and your values, you will persevere. And when you do, you will look at problems and hardships differently. In time, these hardships will decrease in scale as you learn to navigate your new waters. You won't understand how strong you are until you've almost failed a hundred times. After a few high-stress hardships, you'll start to look at previous hardships like child's play.

You'll have to learn to avoid burnout, practice self-care, get out of the house from time to time, and create a structured routine. You'll have to deal with a lack of regulation, a lack of benefits and services, and income unpredictability. Meanwhile, industry changes are on the horizon. You'll need to be prepared.

## Conclusion

As the gig economy matures, we have to be sure to use efficiency in the right way. One positive trend is that the gig economy has changed consumer habits. Younger generations would rather use shared vehicles than own a vehicle, and habits like these aren't just good for gig workers— they're good for the planet.

We're on the forefront of another economic evolution, the high-tech version of the Industrial Revolution. When the first Industrial Revolution hit, we created new things— and experts to design and produce them. New technology arriving on the scene today will do the same thing for people and services. Gig workers are the new experts.



**Brett Helling** is an entrepreneur who specializes in building, growing, and maintaining successful websites. He has worked in the rideshare space since 2014, when he left corporate America behind and started driving for Uber and Lyft in Omaha, Nebraska. Because he loves the freedom and flexibility that come with owning a business, he started Gigworker.com, the website that connects workers to in-depth information about the gig economy and guides users through the vast-and growing-variety of opportunities it offers.

***Gigworker: Independent Work and the State of the Gig Economy*** by Brett Helling. © 2021 by Brett Helling. Summarized by permission of the publisher, Lioncrest Publishing. 198 pages, ISBN 978-1544507750. Summary copyright © 2021 by Soundview Book Summaries ®

· Book 27 of 67 ·

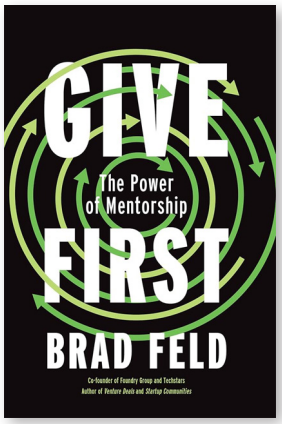
# Give First

Brad Feld

Executive Book Summaries®

# Give First

## The Power of Mentorship




*by* **Brad Feld**

## Contents

Give First
*Page 2*

Navigating Give First
*Page 5*

Entreprenurial Tzedakath
*Page 6*

## THE SUMMARY IN BRIEF

What if the real key to building a lasting startup community isn't capital or connections, but mentorship without strings attached? While this book primarily focuses on mentorship, the concept of Give First encompasses a philosophy of behavior.

In ***Give First: The Power of Mentorship***, Brad Feld shares his Give First philosophy, coming from his years of experience in perfecting the art of mentorship. In doing this, readers understand the importance of reinforcing positive feedback and how it not only affects the individual, but whole companies or communities.

With the right tools, being an effective mentor should not be hard. However, people must first discover what being a mentor is not. Through real-life stories and practical tips, people discover how to help their mentees become their best by inspiring, challenging, and empowering.

## IN THIS EXECUTIVE BOOK SUMMARY:

- Discover the Give First philosophy
- Find out how to create a happy and functional startup company
- Learn about positive feedback loops
- Discover how to become an exceptional mentor

## Part 1: Give First

"Give First" means being willing to put energy into a relationship or a system without defining the transactional parameters. However, it's not altruism. You can and should expect to get something back. But you don't know when, from whom, in what form, or over what time frame.

Whenever we talk about Give First, the phrase "Pay It Forward" comes up. While these concepts are cousins, Paying It Forward is obligatory and transactional. Give First is a mindset that invites you to be helpful before someone has done something for you.

## Part 2: Mentoring

### The Beginning: The Techstars Mentor Manifesto

1. Be Socratic.
2. Expect nothing in return (you'll be delighted with what you do get back).
3. Be authentic—practice what you preach.
4. Be direct. Tell the truth, however hard.
5. Listen, too.
6. The best mentor relationships eventually become two-way.
7. Be responsive.
8. Adopt at least one company every single year. Experience counts.
9. Clearly separate opinion from fact.
10. Hold information in confidence.
11. Clearly commit to mentor or do not. Either is fine.
12. Know what you don't know. Say "I don't know" when you don't know. "I don't know" is preferable to bravado.
13. Guide, don't control. Teams must make their own decisions. Guide, but never tell them what to do. Understand that it's their company, not yours.
14. Accept and communicate with other mentors that get involved.
15. Be optimistic.
16. Provide specific actionable advice; don't be vague.
17. Be challenging/robust but never destructive.
18. Have empathy. Remember that startups are hard.

### The Difference between Mentors, Advisors, and Investors

During the first year of Techstars, we established that mentoring was a non-compensated activity. Occasionally, someone would explicitly ask for compensation before agreeing to be a mentor. We quickly understood the difference between an advisor and a mentor. An advisor says, "I'll help you if you give me a $3,000/month retainer and 1 percent of your company." A mentor says, "How can I help?" We had a similar experience with investors. Many were interested in being mentors just to be close to the companies. As companies raise money, mentors often become investors in the company. Sometimes, they became compensated advisors, especially mentors with professional coaching businesses. This evolution is natural, but a non-compensated mentor relationship is ideal at the earliest stages of a company.

### Mentorship Is One-to-One, not One-to-Many

While one-to-many interactions are much more efficient for the presenter, this isn't mentoring. It's a presentation. There are topics where one-to-many works great, and over the years at Techstars we've engaged hundreds of speakers across thousands of sessions designed in this way. However, this method doesn't develop a relationship between a mentor and a mentee.

### Deconstructing the Techstars Mentor Manifesto: Be Socratic

It's not just the act of asking questions; it's how you ask the questions, what you try to accomplish with the questions, and your responses to the answers. Begin by eliminating judgment from your questions. The cliché "there are no stupid questions" applies. Body language matters. Instead of coming up with or stating the answer, help the mentee figure out the answer or a set of new hypotheses they can test. Your goal shouldn't be only to solve the immediate problem. Instead, you are helping your mentee build a toolset to solve future issues independently.

THE FIVE WHYS

Often, the answer to a question isn't the root cause of the problem or even close. When this happens, ask, "Why?" Use the Five Whys methodology to get to the root cause of any issue.

If you don't know the answer, say you don't know. But if you know, be direct.

The vehicle will not start.

Why? The battery is dead.

Why? The alternator is not functioning.

Why? The alternator belt has broken.

Why? It was well beyond its useful service life and not replaced.

Why? The vehicle was not maintained

The first few answers are valid but do not address the root of the problem.

### Expect Nothing in Return

When you expect nothing in return, you will often be delighted with what you get. It's extraordinarily simple while profoundly challenging. To activate a startup community, you have to get everyone in the startup community to put energy into it before they get any value back. They have to Give First, and if you can create a culture where everyone involved operates without any expectation of getting anything in return, magical things happen quickly as an enormous amount of energy goes into the system.

COMPENSATION

While there is no direct compensation for mentoring, a mentor can be compensated in many ways. At its core, mentoring is a profound learning experience. The compensation, beyond learning, may not come from that first company. But, by playing long-term, you'll have many opportunities to be compensated for future things.

### Be Authentic—Practice What You Preach

It's not all about stating that you are authentic. It's about being authentic all the time, in every way. Being authentic is especially important as a mentor. The founders you mentor look up to you and immediately entrust you with responsibility, so your authenticity is crucial to maintaining this relationship.

NONSENSE PHRASES SUCH AS "I'M VALUE ADDED"

There's no need to say that you add value. Just do it. And, if you say you are value-added, consider if you are.

### Be Direct. Tell the Truth, However Hard

Many people find it difficult to be direct. They can't seem to get to the point. They thrive on inductive reasoning and are passive-aggressive, especially when they don't know the answer or are uncomfortable with the truth. If you don't know the answer, say you don't know. But if you know, be direct.

THE COST OF PASSIVE AVOIDANCE

In entrepreneurship, passive avoidance is a pernicious version of avoiding the truth. Every crisis communication playbook has a chapter of ignoring the crisis and pretending it's not happening. Passive-avoidant behavior is occasionally inevitable. But if you do it repeatedly, it builds up. Step back and get to the root cause of what is bothering you.

### Listen, Too

While mentorship begins with being Socratic, it's easy to fall into the trap of asking questions and quickly giving answers. The next time you ask a question, empty your mind after the question and listen to the answer. Active listening is essential.

LISTEN AND LEARN SOMETHING FROM EVERY MEETING

We decided to learn at least one new thing from every meeting. While focused on listening, we often encountered something we didn't know anything about.

### The Best Mentor Relationships Eventually Become Two-Way

USE THE OTHER PERSON'S LOVE LANGUAGE

Everyone has a different primary and secondary love language. While the challenges of applying appreciation in the workplace and love languages in a relationship are different, the basic principle is the same. We tend to show appreciation by how we like to receive it rather than how the other person wants it. Understanding the other person's language of appreciation can catalyze growth and improvement in communication and relationships.

### Be Responsive

Being responsive means more than just responding to emails and phone calls. Being responsive means being

present and engaging with your mentee, putting yourself in their shoes, and understanding what is happening. We each get to define our approach to being responsive. Understand this, be clear about it, and then be consistent.

BE OPEN TO RANDOMNESS

Many of the great things in my life have occurred due to randomness. While some call this synchronicity or destiny, it results from being open to randomness.

### Adopt at Least One Company Every Single Year

When advising new mentors, emphasize the importance of dedicating their efforts to one company during the accelerator program. Rather than spreading their attention thinly across multiple companies, mentors should aim for a more profound engagement with a single company, which can significantly enhance their effectiveness.

EMOTIONAL INTELLIGENCE

Mentors quickly develop functional experience. Mastering emotional intelligence (EQ) is much more challenging. EQ is complicated because it requires a person to be self-aware, understand their emotions, and how these affect their behavior. In the context of mentoring, EQ is paramount. How you engage with your mentee, especially if you see them struggling with their emotions, is critical.

### Clearly Separate Opinion from Fact

Many of us have a fuzzy line between opinions and facts. Founders, investors, and mentors often assert an opinion as fact. Opinions are useful. But knowing what you are saying and framing it as an opinion, fact, or hypothesis is crucial for effective communication.

THE IMPORTANCE OF STATING YOUR HYPOTHESIS

While mentors can provide facts or data, their most valuable role is helping the mentee form a hypothesis.

### Hold Information in Confidence

It is hard to know what is confidential, a secret, something someone is merely pondering, a brilliant new idea, something that conflicts with something you know about, or something that will upset someone if it gets around. There is a simple approach to this: use your judgment. If you are uncertain, ask the person who gave you the information if it is confidential.

BUILDING TRUST

As a mentor, you receive all kinds of information from your mentee. You must confidentially hold all this information while steadily and continuously building credibility with your mentee. One wrong move immediately destroys trust.

### Clearly Commit to Mentor or Do Not. Either Is Fine

If you are going to mentor someone, commit to it. Your mentee is relying on you. Don't drop balls. Don't miss meetings. Be responsive. And if you can't fulfill your commitment, say so. Don't ever leave your mentee hanging.

GIVE, DON'T ASK

Asking someone how you can help them at the beginning of a meeting is a misunderstanding and it shifts the burden of responsibility. Consider taking the opposite approach. Do your research before you meet. When you meet, prepare for the conversation and listen to where it goes. Offer to do something that fits with what you are hearing or what you expect the goals or short-term needs be.

### Know What You Don't Know. Say "I Don't Know" When You Don't Know

While great mentors know a lot and have plenty of experiences, they always learn. The best mentor-mentee relationships are peer relationships, where the mentor learns as much from the mentee as they teach.

I DON'T KNOW HOW TO HELP YOU VS.
BE A CONNECTOR WHEN YOU DON'T KNOW

Give First doesn't have to be reciprocal. It's spontaneously being able to help someone because you can, not because you feel indebted to them and feel the need to repay them for their help.

### Guide, Don't Control

Be a guide, not the problem solver or the decider. At some point, it is appropriate to say what you would do if you found yourself in a similar situation. But don't force this outcome, nor be judgmental if the founders go down a different path.

COLLABORATIVE NEGOTIATION VS.
JUST TELL ME THE ANSWER

As a mentor, you will often find yourself involved in giving a founder feedback about a negotiation. Remember your role as a guide. It's not your responsibility to solve the problem but to collaborate with the founder to help get to a successful outcome. As a mentor, founders view you as an honest intermediary.

As a mentor, avoid letting the decision burden shift to you. When you feel the decision burden shifting, pause.

### Accept and Communicate with Other Mentors That Get Involved

SHARING TIME VS. REALLY SPENDING TIME TOGETHER

When mentoring, be wholly present. Share time. When there are more than four people at the table, you can't concentrate on sharing time because there are too many distractions. You want to be fully engaged.

### Be Optimistic

As a mentor, your job is not to solve a founder's problem. Instead, you help, listen, and provide data and feedback based on your experience. While this can be done from different perspectives, it is most helpful from an optimistic frame of reference.

FACING REALITY

There's no value in helping someone feel better in the short term while at the same time denying reality. Whatever is going on will eventually come to the surface, and you and your mentee will ultimately have to deal with it.

STAYING OPTIMISTIC WHEN FIRING SOMEONE

You'll learn that firing someone is always challenging, but it doesn't have to be the end of the relationship. When you fire someone, give them the option of maintaining a relationship with you or ending it.

### Provide Specific Actionable Advice

As a mentor, you aren't the decider, but the CEO you mentor is. They aren't looking for you to tell them what to do, and you have to be comfortable with them ignoring your advice and doing something else. But pay attention to what your mentee needs, and when they need advice, give it.

SHIFTING THE DECISION BURDEN VS. NEGOTIATING AS PEERS

As a mentor, avoid letting the decision burden shift to you. When you feel the decision burden shifting, pause. Be explicit with your mentee about the decision being contemplated. Ensure they interpret your feedback as data, not as a decision. Reiterate that this is their decision.

### Be Challenging/Robust but Never Destructive

Being a great mentor means being dedicated to helping founders build great companies. You should be clear and forceful in your words to ensure founders hear you. But when you leave the room, flip the switch and remain dedicated to helping the founders succeed, regardless of whether you think they listened to what you said.

SINGLE-TURN VS. MULTI-TURN GAMES

Entrepreneurship is a mult-turn game with multiple players over a long period. Playing a mult-turn game is crucial with early-stage founders. As a mentor, your goal is to help founders succeed. Some people feel this can conflict with their goal as an investor. While the conflict is valid if you approach entrepreneurship and investing as a single-turn game, the concepts are wholly aligned if you view it as a multi-turn game.

THE CLICHÉ OF DISAGREE AND COMMIT

When used correctly, disagree and commit means arguing when the issue is up for debate. But, once you decide, you must support the decision entirely.

### Have Empathy. Remember That Startups Are Hard

Know when to suspend or defer your advice or judgment. The founder you are mentoring may not be able to hear your solution. However, they will probably feel your empathy.

REDEFINING THE GOALS VS. IT'S NEVER ENOUGH, UNTIL IT IS

Part of empathy is realizing you don't know your mentee's goal. Use empathy to listen to the mentee to help get them out of distress.

## Part 3: Navigating Give First

### The Downside

Give First is not all rainbows and unicorns. It can be exhausting, burn you out, and damage your network. I

couldn't modify my behavior until I understood the root cause. Only then was Give First sustainable without the adverse side effects.

### Filters

After a few experiments, we devised an approach to separating leaders from doers and everyone else. While you'll want to spend time with the leaders and support the doers, you don't want to spend in-person time figuring out who is a leader or a doer. The trick to identifying the leaders is to give people assignments. The assignment you give the person should take less than 30 minutes to complete. At least half the people don't respond, immediately reducing your workload and filtering out people who don't follow through.

### Obligatory Behavior

Give First is entirely optional-there is no obligatory behavior.

### Boundaries

When someone asks for help or offers a new opportunity, you default to saying yes. However, it is easy to overcommit and become overwhelmed. Shifting to "default no" can help establish boundaries when this happens. Another boundary-setting tactic is viewing Give First as part of your job.

### Burnout

Operating with a Give First philosophy can be cumulatively exhausting, especially if you don't set boundaries or have effective filters. We firmly believe that therapy or coaching can help you understand what is happening, what matters, and how to sustain your energy over a long, productive period.

## Part 4: Entrepreneurial Tzedakah

### What Is Entrepreneurial Tzedakah?

You'll want to link Give First to the idea of giving back philanthropically when you are successful. We searched for a word that embodied entrepreneurial philanthropy. Eventually, we settled on tzedakah, a Hebrew word that means "righteousness" but is often translated to mean "charity".

### The Eight Levels of Charitable Giving

The levels, in descending order, with the most potent listed first, are:

1. Giving something for a person so that the person no longer lives by relying upon others
2. Giving tzedakah anonymously to an unknown recipient
3. Giving tzedakah anonymously to a known recipient
4. Giving tzedakah publicly to an unknown recipient
5. Giving tzedakah before being asked
6. Giving adequately after being asked
7. Giving willingly but inadequately
8. Giving in sadness or out of pity

Taking on the role of a mentor can be daunting and oftentimes confusing. However, using the Give First method, people are encouraged to start thinking differently about this role. Whether somebody is first starting their journey or is already an expert mentor, this method provides valuable ideas to help along the way.

While the "Pay it Forward" mentality is a wonderful thing, Give First goes a step further by encouraging people to give their expertise, time, resources, and knowledge without expecting something to be immediately returned to them.

In doing this, mentors can take on an optimistic and empathetic mindset that runs on a continuous cycle. Give First philosophy is a guiding principle that allows people to build deep relationships, create successful businesses, and positively impact the world. It's not just about giving; it's about building authentic connections, fostering trust, and empowering others to succeed.



**Brad Feld** has been an early-stage entrepreneur and investor since 1987. He co-founded two venture capital firms, Foundry Group and Mobius Venture Capital, as well as multiple companies, including Techstars. Brad is a writer and speaker on venture capital investing and entrepreneurship and has written several popular books, including Venture Deals and Startup Communities. He runs the Anchor Point Foundation with his wife, Amy Batchelor.

From ***Give First: The Power of Mentorship*** by Brad Feld. Copyright 2025 Brad Feld. Summarized by permission of the Publisher, Ideapress Publishing. ISBN 978-1646871322. Summary published by Soundview Executive Book Summaries®. Copyright 2025 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 4724

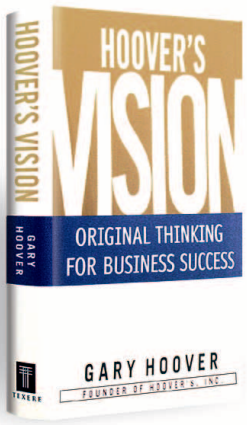
· Book 28 of 67 ·

# Hoover's Vision

Gary Hoover

SOUNDVIEW Executive Book Summaries®






By Gary Hoover

## CONTENTS

**The Open, Absorbent, Ready Mind**
*Page 2*

**Complexity, Gathering Information…**
*Page 3*

**The Expected World and The Role of Serendipity**
*Page 3*

**Seeing What Others Do Not**
*Pages 3, 4*

**Why Does History Matter?**
*Page 4*

**The Baby Boom Generation**
*Pages 4, 5*

**Learning from History**
*Page 5*

**What Is Vision?**
*Page 5*

**What Vision Does**
*Pages 5, 6*

**Successful Visions**
*Pages 6, 7*

**The Attitudes and Values Of Great Entrepreneurs**
*Pages 7,8*

### Original Thinking for Business Success

# HOOVER'S VISION

## THE SUMMARY IN BRIEF

*Great businesses succeed because of their leaders' ability to see things that others do not see. These leaders ask questions that others do not ask, then chart their own course, combining insights and strategies into the blueprint for a uniquely focused enterprise. We've seen this leadership in entrepreneurs like Sam Walton, Michael Dell and others who do not follow a formula, yet find a way to succeed. They listen to their customers and, most importantly, they follow their own visions of success.*

*Gary Hoover (founder of BOOKSTOP, Inc. and Hoover's, Inc.) is another of these leaders; what's more, he is also a student of great leadership. In* Hoover's Vision, *he lays out a plan you, too, can follow to make your enterprise a success, and turn your dreams into reality.*

## What You'll Learn In This Summary

✓ **You must be curious and creative.** The world is full of messages and inputs that may be vital to the existence and forward motion of your enterprise. You must address these inputs with an open and absorbent mind, making the attempt to view them in a manner that is completely different from the ways in which others view them.

✓ **You must grasp history and trends.** Often, businesspeople fail to recognize the importance of history, the trends inherent therein, and how those trends can and will affect their enterprises, both now and in the future.

✓ **You must understand the Baby Boom.** The largest single bulge in population in US history is still having a profound affect on businesses, and will continue to do so, even as those in the Boom generation grow older.

✓**You must create and feed your vision.** The vision you create for your business becomes its *raison d'etre* and, as such, it should possess clarity, consistency, uniqueness and a central focus on service.

✓**You must recognize what it takes to succeed.** Find the essential qualities of entrepreneurial leadership in yourself, and use them to the ultimate benefit of your enterprise.

Published by Soundview Executive Book Summaries, 10 LaCrue Avenue, Concordville, Pennsylvania 19331 USA
©2002 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.

# HOOVER'S VISION

**by Gary Hoover**

## — THE *COMPLETE* SUMMARY

## CURIOSITY: THE FOUNDATION OF CREATIVITY

The leader of a successful enterprise is, above all, curious. He or she lives for knowledge, for an understanding of the world around us and how it works. That world includes everything from the lines at the supermarket to the aging of the Baby Boom, from the power of the Internet to the rise of China, from the latest fad in teenage clothing to the newest technology for creating signs.

Information about the world and its people is all around us, flooding our senses each day from a thousand directions. The key is to have some idea of how to make sense of all those inputs. The ways in which the most innovative, successful people do this include:

- **Possessing an open, absorbent, ready mind.**
- **Understanding complexity, gathering information and asking questions.**
- **Understanding the expected and the serendipitous.**
- **Seeing what others do not.** ■

## The Open, Absorbent, Ready Mind

In the daily heat of business, we often say, "Plan the work and work the plan." The overall enterprise — in fact, life itself — is no different. In every building process, in every construction of a great thing, we must study before we begin our work.

The most fundamental skill of the curious person is the ability to look, to observe. Though we all need to read and absorb books and magazines, the greatest source of our knowledge is our own eyes and ears in the real world. Even after we begin to build toward our goal, we need to keep scanning the world around us, observing and learning.

To begin to explore and understand the world around us, we must do the following:

**Exercise the mind.** We spend enormous amounts of time, money and energy on making our bodies look good, but how much time do we spend exercising our eyes or minds? Like our muscles, the eye and the mind can be exercised and made stronger with practice. Exercising the eye and the mind may, in fact, help us live longer.

**Regain a sense of wonder.** Nothing escapes the attention of a child. They become absorbed in the things adults consider commonplace — the world is a landscape without limits, full of wonderful sights, sounds and ideas. We must regain our childlike sense of wonder, the willingness to be amazed, in order to recognize the opportunities that lie all around us.

**Ponder first, act later.** After opening (or reopening) our minds to wonder, we must then allow ourselves to ponder — to think before we speak, act or (most importantly) conclude. We must cultivate the skills of contemplation, and not confuse contemplation with indecision: There is a time to think and a time to act.

**Get into the information flow.** We are at our best when information flows through us, enabling our minds to really get around a subject. If your ideas flow — through your pen to a page, out your mouth over the phone or in conversation — they will become more vivid, more practiced, more tested.

The more we think about our ideas, communicate them to others and receive feedback on them, the stronger those ideas become. Information is a unique commodity — we can give it away and not only still possess it, but actually come out ahead. We are at our strongest when we are always learning and, simultaneously, sharing what we know. ■

**For more information on exercising the mind to live longer, go to: http://my.summary.com**

**The author:** Gary Hoover was a retail security analyst on Wall Street and manager of strategic planning for May Department Stores before founding BOOKSTOP, now part of Barnes and Noble. Hoover is also the founder of Hoover's Inc., the company behind Hoover's Online.

Copyright© 2001 by Gary E. Hoover. Summarized by permission of the publisher, Texere, 55 East 52nd Street, New York, NY 10055. 348 pages. $26.95. 1-58799-059-8.

**For more information on the author, go to: http://my.summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), 10 LaCrue Avenue, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corporation. Publisher, George Y. Clement. V. P. Publications, Maureen L. Solon. Editor-in-Chief, Christopher G. Murray. Published monthly. Subscriptions: $195 per year in U.S., Canada & Mexico, and $275 to all other countries. Periodicals postage paid at Concordville, PA and additional offices.

**Postmaster:** Send address changes to Soundview, 10 LaCrue Avenue, Concordville, PA 19331. Copyright © 2002 by Soundview Executive Book Summaries.

**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-521-1227 (1-610-558-9495 outside U.S. & Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and Corporate Site Licenses are also available.

# Complexity, Gathering Information, and Asking Questions

Once our mind is open and ready to receive, we can begin to absorb information. Sometimes, however, the world is difficult to figure out, and we tend to accept simple explanations for things that are actually quite complex. The first task of a thinking person is to separate what is meaningful from what is meaningless.

### *What You Should Know*

Many people are scared of the prospect of information overload; they have trouble keeping an avalanche of information from crashing their brains. They forget that knowing everything is not the key; the key is to:

**1. Know what matters**. Rise above the clutter.

**2. Know how it ties together.** Create a structure on which you can hang new information and link it to information you already have.

**3. Know where to look for information — how to research and learn more.**

**4. Know how to analyze information.**

**5. Know how this information relates to your job, project or personal goals.**

Of course, there's no better way to draw information into our minds than to ask questions, starting with the good, old-fashioned "who," "what," "where," "when," "why," and "how." Asking questions enables you to establish your context in the world; the more you understand your context, the more successful you'll be. ■

# The Expected World and the Role of Serendipity

In order to creatively explore the world around us and the opportunities it holds, we must first open our eyes and minds to those opportunities; we must ditch our expectations and see what others do not see.

Even the most creative people get stuck in a rut, following a comfortable routine so closely they stop being creative in the broadest sense of the word. If, however, we occasionally take a step sideways, if we take the path less traveled five percent of the time, if we at least glance around us as we make our way through life, then we have a dramatically improved shot at making breakthroughs, discovering great things, turning dreams into reality.

In your search for answers, the answer is almost never where you expect it to be, or where you are looking for it. History books and company profiles are full of stories of accidental discoveries that gave rise to great innovations. In the early 1950s, for example, George de Mestral went for a walk in the Swiss woods and came home with burrs in his socks. He invented Velcro. Pierre Omidyar's fiancée collected and traded Pez candy dispensers; this led him to start a Web site called Auction Web, which eventually morphed into eBay.

Today's automated dictionaries let us look up a word like scone without wasting time on other words. But flipping pages in a traditional dictionary might also lead us to discover the meanings of *sclaff* (to strike the ground with a golf club before hitting the ball) or *sconce* (a decorative wall bracket for candles). If we allow our minds to operate on cruise control all the time, there is much around us that we will miss. ■

## "You Never Get Anywhere Going the Obvious Way"

Charles Kettering, the noted engineer and inventor, started a company called Dayton Engineering Laboratories Company (DELCO) in his hometown of Dayton, Ohio, then sold it to General Motors. His new boss, Alfred Sloan, made him head of science at GM and wanted him to move to an office in Detroit. Kettering wouldn't move, so every week he drove US Highway 25 between Dayton and Detroit. Others who drove the same stretch marveled at how Kettering made the trip hours faster than they did.

When asked how he did it, Kettering admitted that he detoured around small towns. He spent most of his time on country roads, not the main road. "You never get anywhere going the obvious way," he noted.

**For a story on how the author looked for the unexpected, go to: http://my.summary.com**

# Seeing What Others Do Not

As we consume information, we must cultivate a healthy skepticism, refusing to trust or believe something simply because it is documented in a newspaper, magazine or book. Take a few seconds to compare what you hear with what you know; look behind the headlines to determine how much of a story is spin, opinion, conjecture and/or hard fact. We cannot delegate our responsibility to understand — even to the finest and most accurate journalists, interpreters, commentators or experts.

It's not enough to simply look behind the headlines — you need to look where there are no headlines, where other people aren't looking. Headlines, whether on target or off, direct your attention to what everybody else is thinking

*(continued on page 4)*

## Seeing What Others Do Not

*(continued from page 3)*

about. To gain a broader perspective of the world, spend time looking at things no one else seems concerned with, thinking in ways other people are not thinking.

### *Break Out of Familiar Patterns*

Indeed, unconventional thinking should be applied to every area of your business. Find lessons in other industries that you can transplant to your own. Break out of your own familiar patterns in order to gain fresh insights.

If you've budgeted 6.9 percent of sales for customer service for the past five years, it's not hard to imagine going to 6.6 percent or 7.2 percent (a phenomenon Jack Welch of General Electric calls "pushing the peanut"). Would you ever consider the impact to your business of slashing service spending to 3 percent, or pumping it up to 12 percent? Really good ruts are so powerful, we don't even know we're in them.

Even people with opposing points of view are often locked into the same perspective. General Motors and Ford might have better management techniques, but DaimlerChrysler makes better-looking cars. IBM and Unisys battled for years over the large mainframe market, while Bill Gates and Steve Jobs were talking another language. If you can get out of the channel everyone else is in and look at things from a different angle, you can often gain fresh insights. ■

## HISTORY AND TRENDS: THE STUDY OF CHANGE THROUGH TIME

# Why Does History Matter?

Once our curiosity is in place, how do we use it? What do we pay attention to?

While we tend to focus our attention on the here and now, we often fail to ask ourselves what came before, or how things change through time. One of the most common causes of failure is the inability of leaders to see the most important underlying trends — trends that emerge from the past to create the present and shape the future.

Whether a trend is large and slow moving (like the introduction of women into the workforce, which happened at an almost glacial pace) or more localized and fast-paced (such as business trends contained within a specific market), missing the onset and impact of trends can spell the end of your enterprise. Alert observers, on the other hand, create new fortunes by seeing where things are going, by recognizing trends at work more quickly than the competition.

The great leader watches trends to see things that others do not, to seize opportunities where others only see confusion. ■

# The Biggest Trend: The Baby Boom Generation

The single most important trend for most of us, particularly in the United States, is the aging of the Baby Boom generation.

The years in which the members of the Baby Boom — the largest single bulge in population in US history, consisting of roughly 107.5 million people — will reach particular stages in life are precisely predictable. And history shows that people do many important things at predictable points in their lives (see box next page). In the trends that emerge from these predictable actions lie major opportunities for enterprises both old and new, both for-profit and non-profit.

### *Non-demographic Factors to Consider*

For most enterprises, there is no single factor as important as the demographics of the customer and how they are changing over time. There are, however, other factors at work, and to ignore them would be a mistake. For the Baby Boom generation, those factors include the following:

**The aging of the Baby Boom is not a single-point trend.** The fact that the Baby Boom is not a one-year or localized phenomenon means you must interpret its influence with care, even though that influence is enormous. Trends that in prior generations might have occurred in a more compact period of time (first-time marriages, for instance) will likely be elongated, due to the extended length of time of the Baby Boom bulge.

**Age-related trends do not necessarily correspond with generational trends.** For every age-related trend, you must determine to what degree the trend reflects temporary shifts in need or taste, as opposed to patterns in consumption that will stay with the generation for the remainder of their lives.

**Historical age-related consumption patterns can change.** The shape of demand for products and services historically shifts as the consumers of those products and services get older. The sheer size of the aging Baby Boom generation may change some of our basic assumptions about these trends — they will be healthier and live longer; demand education later in life; and maintain more varied interests than senior citizens of prior generations. You will likely have to adjust your enterprise's assumptions about this aging group to meet these new trends.

The aging of the Baby Boom is a phenomenon of the

*(continued on page 5)*

## What Changes as We Age?

While any individual might not fit the particular mold, here are some general conclusions that hold true when you aggregate a large number of people, like the 107.5 million that comprise the Baby Boom generation:

- ✓ **They complete formal schooling in their teens and twenties.**
- ✓ **They get their first jobs in their teens and twenties.**
- ✓ **They get married and have their first child in their twenties and thirties.**
- ✓ **They spend heavily on consumer items in their thirties and forties.**
- ✓ **They steadily increase their skills and job productivity until their fifties.**
- ✓ **They achieve their greatest wealth in their fifties and sixties.**
- ✓ **They begin to retire in their fifties, peaking in their sixties.**
- ✓ **They give away more money in their sixties and beyond.**
- ✓ **They gradually increase political participation (especially voting) from a very low level in their twenties to a peak in their seventies and eighties.**
- ✓ **They die in their seventies and eighties, supporting enterprises even until their last breath.**

### The Biggest Trend: The Baby Boom Generation

*(continued from page 4)*

developed world. While the post-World War II population bulge can be seen in the US, Japan, Canada, Australia and other locations, it cannot be seen in many countries around the world. As business becomes increasingly global, you must know the population and age structure of any nation in which you do business, and you must think about how that structure will change, and how your business must change with it. ■

For further reading on the impact of the baby boom, go to: http://my.summary.com

## Learning from History

Here are some practical things you can do to use history and trends to better your enterprise:

- Look around in your organization or industry for the person who knows its history. Get as much information from them as you can, using them as a resource for your own growth.
- Look at old copies of Fortune magazine, scouring each issue for at least one great but forgotten business idea. Figure out how this idea can be recycled in a new form for today's business world.
- Find out which companies were the largest in your industry thirty years ago, and compare them with the largest companies in the industry today. What happened to those that faded? How did the new leaders rise to prominence? Are there lessons that can be learned from the leaders of the past? ■

## ESSENCE: THE POWER OF VISION

## What Is Vision?

When you have vision, you have an informed and forward-thinking statement of purpose that guides you in all you do. Your vision tells you why an enterprise exists; without a clear purpose, an enterprise is a ship without a rudder, a train without a track.

A vision should also be informed, fed by your understanding of the world, reflecting the trends at work in your environment. Hand-in-hand with being informed comes "forward thinking," reflecting what you expect and hope your organization will become — a statement of ambition that informs everyone of the direction of the enterprise. All priorities flow from a clear vision.

There is no "standard" or formula for creating a vision — it should be highly customized, something that could only come from your enterprise. It also should reflect your core values, in the very broadest sense of the term. A good example of this is the Cross Pen Company. Cross does not compete with Bic and Papermate for the ballpoint writing instrument business; it competes with briefcases and paperweights for the corporate gift business. Regardless of whether Cross wrote this down in fancy mission statements, the company has a real story, a distinct message that defines its enterprise and sets it apart. Every great enterprise has such a message. ■

## What Vision Does

Some might argue about the importance of vision, not realizing that their companies are guided by vision even though it might not be an overt part of their corporate strategy or philosophy. Regardless of whether you "do vision" consciously, here are the reasons it is so useful in achieving your organization's goals:

## What Vision Does

*(continued from page 5)*

● **A vision bonds.** Diversity is a much-sought-after commodity in business, particularly in larger companies. You can bring together people of diverse races, religions, ages and lifestyles for a common, shared purpose: the vision that guides your enterprise.

● **A vision inspires.** People are more motivated if they believe they are doing something worthwhile, if the believe that they can — through participation in the enterprise — accomplish something that is worthy of their time and energy. A clear vision offers a sense of purpose that can be a continual motivator and force of inspiration in even the largest of organizations.

● **A vision is an anchor in hard times of change.** Those organizations that understand themselves, that have a clear vision and are true to it, have much more confidence and far fewer doubts than an organization without such a rudder.

● **A vision is a potent competitive tool.** You can use your vision to differentiate your enterprise from your competitors, and even to trounce them, particularly if they do not have a clear and consistent definition of themselves.

● **A vision builds community.** Once you have articulated your vision and are confident in it, it is important that it reaches and motivates not only your employees but everyone who touches the enterprise — including customers, auditors, ad agencies, and so forth. A great vision turns your enterprise's acquaintances into advocates. ■

## Southwest Airlines — Clarity and a "Third Grade Vision"

Much has been written about Southwest Airlines and its unique style of doing business, but what is possibly most impressive is the simplicity and crystal clarity of the company's message. Since the company's founding 30 years ago, Southwest has held to a handful of key beliefs.

First, it flies one type of aircraft (the Boeing 737), so that all its crews are trained on the entire fleet, and to reduce the organization's investment in spare parts.

It maintains an efficient, no-frills operation — the flight lands, the first people to arrive receive the first (classless) seats on the plane, passengers get peanuts instead of a meal, and the plane takes off.

Finally, Southwest has a unique culture that stresses fun as an important corporate quality.

These simple ideas — expressed openly in terms that any third-grader could understand, not to mention every flight attendant, baggage handler, marketer and executive as well — have contributed to the airline's success as the most consistently profitable company in its industry.

# Characteristics of Successful Vision

There are four primary attributes or dimensions in successful enterprise visions — in essence, four pillars on which the enterprise is built. While some companies succeed with only two or three of these in place, truly great enterprises must have visions that are **clear, consistent, unique** and **serving.**

### *The Clear Vision*

It is impossible to overvalue the contribution of a clear, simple vision, articulated in terms that are free of corporate doublespeak (no mention of "rightsizing," "reengineering," "paradigm shifts," and the like) and industry jargon or acronyms (no mention of "ISO," "TQM," "RFPs," and so forth). When we are scared or uncertain, when we think we have to impress someone, we often resort to "unclarity." Such endeavors are often just confusing, and can be counterproductive.

In many fast-growing companies, as many as half the organization's employees may be new hires. If a growing company indoctrinates its people in an entirely new language, the newcomers either must go around asking what all these strange words mean, or simply stay in the dark and feel stupid. A wall is built between the newcomers and the old-timers. This is no way to bond together an organization.

The English language is beautiful and powerful. While it is hard to keep from using buzzwords and jargon, it is worth the perpetual struggle to keep our words — and our mind — free from such things, for the good of the enterprise and our vision.

### *The Consistent Vision*

In this era of rapid, even accelerating change, it can be difficult to know which way to head. Different factions, including venture capitalists, Wall Street, stockholders and even your own Board of Directors, will give you conflicting views, particularly when success is uncertain.

If you study great, lasting enterprises, however, the evidence overwhelmingly supports staying the course. If your course is based on a sound idea and your direction reflects what you know about people, trends and geography, that course should serve you well over time. Your confidence in your vision comes from knowing what matters — knowing what you are good at and what is

*(continued on page 7)*

## Characteristics of Successful Vision

*(continued from page 6)*

important to you, and sticking to your vision through bad and good periods.

After Walt Disney and his brother Roy (the deal-maker and bean-counter in the family) both died, the Walt Disney company began to slide. The reason: The focus of the organization's leadership shifted from being the world's greatest maker of family entertainment to simply being a company that turned a profit. It wasn't until leadership changed (and two visionaries — Michael Eisner and Frank Wells — were put in charge) that Disney refocused its energies on its core values. Once they did, the company went from making bombs like *Tron*, to turning out successful nouveau classics like *The Lion King* and *Toy Story*, recovering their audience and profits as a result.

### *The Unique Vision*

The successful vision is a unique vision; if you try to accomplish the exact same goal as another organization, it is not likely that both companies will be successful. If you are starting a new company, it is critical that you find your own space or niche in the world. The most successful enterprises do one thing, and do it very well.

Part of the reason enterprises must have a unique vision is that they will be most successful if they strive to be the best at something, or the best or biggest in some regard. Some ways to differentiate your enterprise include the following:

● **Finding gaps in a competitor.** For years, Toys "R" Us never had a successful toy store competitor, although chain after chain tried to copy them. It occurred to the author that someone could build a chain, if they simply got the business of everyone that Toys "R" Us has upset. It is not that Toys "R" Us is a bad or customer-unfriendly company, but every company has an Achilles heel, a weakness that competitors can exploit to find their own success.

● **Pursuing "Class B" ideas.** Sometimes, an idea that is not completely sound (a "Class B" idea), but which is executed with passion and intensity, will beat out a great idea (a "Class A") that is executed half-heartedly. Of course, it's hard to beat a Class A idea pursued with total intensity (Microsoft, for example).

● **Seeing the world in a different way.** Volvo has never in its history sold a car; instead, it sells durability and safety. It built its own uniquely defined niche, setting it apart from the Fords and Toyotas, and maximizing the potential of its brand.

### *A Vision Built to Serve*

Saying an enterprise exists to make a profit is like saying automobiles exist to get good gas mileage. The only valid reason to the existence of any enterprise — for profit or nonprofit — is to provide products or services to people. Enterprises that forget this will perish; those that remember that fact and put it into practice every day have a chance at long-term survival, even prosperity.

It is virtually impossible to overstate the power of the customer. The US Post Office long held a monopoly on home deliveries and, on many occasions, made such deliveries difficult for customers (forcing them to go to the post office to pick up packages, or insisting customers be home at exactly the right time, etc.). The customer was not being well served, and Federal Express and UPS filled that gap. The only rule is that customers always get what they want; it's just a matter of who gives it to them and when.

"Service First" means "Other Things Second." While nearly every company gives lip service to the importance of the customer, most companies make their decisions based solely on accounting terms. The enterprises that survive and prosper the longest, however, always start by asking, "What is best for our customers?" ■

## THE RIGHT STUFF: WHAT IT TAKES TO SUCCEED

# The Attitude and Values Of Great Entrepreneurs

What does it take to create and sustain a successful enterprise? Consider your role, as well as the roles that others have played in past enterprises. You'll find that the attitudes and values shared by entrepreneurs who build great enterprises include the following:

● **Passion.** One of the greatest tragedies in our world is all the people who hate their work, or merely tolerate it. If you don't love what you do, you'll never go the extra mile, work the extra hour, or dream up the new idea. If you are doing something you love — if you have your heart in it — you will have a chance to excel. Whether you're planning the course of your life or planning what merchandise to display at your corner store, there is always a winning place for passion.

● **Persistence.** From passion flows other qualities, all of which lend strength to your enterprise and increase its chances for success. Persistence — the endurance to continue the journey — is one of these qualities. Most enterprises begin with one person starting out alone; eventually, that person will find another who believes in

*(continued on page 8)*

## The Attitude and Values of Great Entrepreneurs

*(continued from page 6)*

the vision of the enterprise, then another, then another. If you are persistent enough, eventually the whole world will believe in your vision. It's a long road to get to that level, and there are many obstacles to overcome, but the ability to persevere and overcome those obstacles is one of the most common patterns you see in the building of great enterprises.

● **Energy.** Truly successful entrepreneurs are an intense group of people, with a high level of energy and a fire burning inside them to succeed.

● **Self-confidence.** Many parents tell their kids, "You can do anything you put your mind to." Entrepreneurs are the kids who believed them. Self-confidence is not, however, a simple quality; it refers to a combination of courage, optimism, self-esteem and self-reliance. Entrepreneurs must also be hopeful — about themselves, their enterprises, and the industries in which they exist. They must not be blind to problems around them; rather, they must see those problems as opportunities for innovation.

## Profiles in Persistence

Accomplishing anything worth accomplishing takes enormous endurance. Consider the following:

As of the end of 1998, Wayne Newton had given 26,000 live performances in Las Vegas, not counting TV appearances and concert tours. He had also made 142 albums. Regardless of what you think of his music, you must recognize his energy and endurance.

When Steve Case took AOL public in the early 1990s, his own stock was worth less than $1 million, and he had been working at it for seven years. Most "experts" thought that AOL would perish, that its business model was not sustainable. Years later, Case might have been the only person on earth who wasn't shocked when his company acquired Time Warner.

When Carnival Cruise Lines first started, the company couldn't afford a new ship, so they bought an old, slow, beat-up one; their cruises, consequently, took longer than their competitors' to reach the same destinations. Instead of giving up, Carnival added discos and other amenities to keep their passengers entertained while on board. By doing so, the company reinvented and reinvigorated the cruise industry, and today it holds a market share in excess of 50 percent.

## What Entrepreneurs Believe

Entrepreneurs and leaders who think like entrepreneurs believe the following:

- ✓ **We can do anything.**
- ✓ **We can learn anything.**
- ✓ **We can make this world a better place.**
- ✓ **We can make a difference.**
- ✓ **We can figure it out.**
- ✓ **We can lick the toughest problem.**
- ✓ **Few things (if any) are outside of our control.**
- ✓ **No competitor scares us.**
- ✓ **We will focus on what matters.**

When pundits and so-called "experts" try to give you direction that runs counter to your vision and the expectations of your ultimate bosses (those who buy your products and services), don't listen to them. Listen to yourself and your customers.

● **Action orientation.** The most successful entrepreneurs are passionate, visionary, driven people who are never content to merely sit around. They want to do things, to learn, to experiment. If they fail, that's fine — failure is an expected part of the process. Rather than sitting around waiting for or planning a giant effort, they are willing to move ahead, step by small step, making constant progress. The only thing they can't stand is inaction.

● **Individuality.** Entrepreneurs are, above all else, true to themselves; they are also as individually unique as any group of people you could meet. They all have their own underlying personal goals, and each entrepreneur is unique in his or her breadth of vision; whether that vision is broad or narrow is dependent upon the particular outlook of the entrepreneur in question.

● **Entrepreneurial leadership.** Entrepreneurial passion is translated throughout the entire enterprise through one quality: leadership.

Do not confuse leadership with management, although both are needed by any lasting enterprise. Management is a world of budgets, of hiring and firing, of dealmakers, lawyers and accountants. Leadership, by contrast, is a world of passion and vision, of seeing what needs to be done and having the courage to do it.

Management is about knowing how to fit together the details to make the vision real. The leader is the one who shows the way, who holds up the torch to the future so it is clear for all to see. From the leader's passion, the whole organization draws strength. ■

· Book 29 of 67 ·

# How to Grow Your Small Business

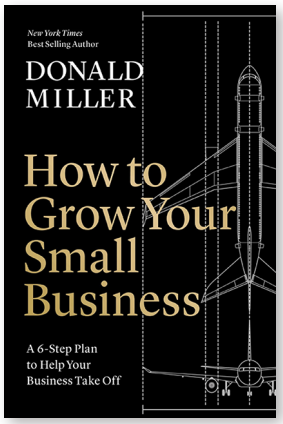
Donald Miller

soundview
Executive Book Summaries®

# How to Grow Your Small Business

## A 6-Step Plan to Help Your Business Take Off

*by* **Donald Miller**




## Contents

The Airplane is Our Standard
*Page 2*

Step One: Leadership
*Page 2*

Step Two: Marketing
*Page 3*

Step Three: Sales
*Page 4*

Step Four: Products
*Page 5*

Step Five: Overhead and Operations
*Page 5*

Step Six: Cash Flow
*Page 6*

## THE SUMMARY IN BRIEF

In a small business, if you don't know how to make money, your business will die. Unlike large corporations, small-business owners don't have massive budgets that allow for mistakes or inefficiencies. This is partially because large corporations have systems and processes in place that small businesses often lack.

What small business owners need is a simple system of frameworks and playbooks that optimize their business for growth. They need a way to create predictability and reliability in their day-to-day operations. In ***How to Grow Your Small Business: A 6-Step Plan to Help Your Business Take Off***, Donald Miller lays out a 6-step plan that has helped thousands of small-business owners build businesses that work. Whether you operate your business by yourself or have one hundred employees or more, you will find this plan useful. It will help you stop feeling like you're managing chaos as you grow your business.

## IN THIS SUMMARY, YOU WILL LEARN:

- How an airplane and small business should be similarly engineered.
- The six critical parts of every business.
- The six steps to grow a successful business.
- The problems that will be solved with each of the six steps.

## The Airplane is Our Standard

The way an airplane is engineered is similar to the way a business should be engineered. When built correctly, an airplane is a safe, reliable, and useful machine that will successfully do its job of taking precious cargo to a set destination. When it is not built to the correct specifications, however, it becomes a dangerous machine that could produce catastrophic results.

A good commercial airplane has many parts, but six of them are absolutely crucial if it's going to fly safely. There are also six critical parts to a business. Throughout the plan, these parts and how they are engineered together will be our standard.

1. The cockpit of the airplane represents leadership. Leadership is in charge of getting the airplane to its destination.
2. The right engine represents the marketing effort, which directly contributes to the airplane's thrust. When the marketing engine runs efficiently, the business sells more, moves forward, and, in turn, lifts.
3. The left engine represents sales, which increases the thrust of an airplane even more. Sales go up and the thrust that moves the plane forward increases.
4. The wings of the airplane represent the products or services you sell. If they are in demand and profitable, they will give the business lift and support the weight of the plane.
5. The body of the airplane represents overhead and operations. If the belly of the plane grows too big, the plane will crash.
6. The fuel represents cash flow. With fuel, energy is transferred to all the moving parts of the airplane. Without fuel, the airplane crashes no matter how well it's designed.

The simple metaphor of the airplane creates a powerful filter to allow your business to grow intuitively. Keeping this metaphor in mind allows you to make smarter decisions, which, turns out, is the key to growing a business. The steps that follow will help you get your business off the ground and grow it to fifty or more employees or multiple millions in revenue.

## Step One: Leadership

### Step One Will Help You Solve These Problems:

- You often feel like you're winging it
- You do not have a compelling vision
- You are "guessing" when it comes to hiring
- Everybody is busy but the business isn't growing

The primary job of the leader and the leadership team is to clearly define a destination and then reverse engineer a plan to get there. Pilots have a flight path and know exactly where the plane is supposed to be every minute of the flight.

The predetermined coordinates may change a bit in the air, but it's the specific flight path that provides a filter for all decision-making during the flight. The same should be true when it comes to leading a small business and Guiding Principles pave the way.

To become a business on a mission, you will create a Guiding Principles package that includes three elements:

1. A Mission Statement that includes three economic priorities
2. Key Characteristics for every team member
3. Critical Actions you can take every day that will unify your team and define your culture

### Mission Statement

The best formula for a Mission Statement includes the elements of metrics, a deadline, and a reason. It goes like this: We will accomplish X by Y because of Z. When you use this formula to create your mission statement, you include a realistic deadline that increases a sense of urgency, and you define a reason the work is important. These three elements will also effectively invite your team into a story that will inspire action.

Very few Mission Statements include economic objectives. That is a mistake. The business exists to generate profit while creating value for customers. This should not be a hidden agenda and further, there should be three economic priorities included.

The main reason to include three economic priorities is to normalize conversations around finances. If you and your team normalize conversations about money, you and your entire team will make more money.

The reason we limit it to three economic objectives, though, is because the human brain has trouble prioritizing more than three objectives at a time. Those three economic

We change when we fully engage in something that sits beyond our current capability.

priorities should be specific and measurable, drive company revenue, and drive company profit.

### Key Characteristics

Human beings transform when they want something that requires them to be a better version of themselves in order to attain that something. We change when we fully engage in something that sits beyond our current capability. In fact, what top talent wants more than anything else is to work for a business that will help them transform into a high-value professional.

You and your team will have to develop certain characteristics in order to achieve your Mission Statement. These are called Key Characteristics, which are similar to core values, except they identify a specific set of skills or personality characteristics necessary to work for your company.

Here are three questions to ask when determining Key Characteristics:

1. What specific characteristics will each of us need in order to create or sell the products that solve our customers' problems?
2. What characteristics will we need to keep going when the challenges seem overwhelming?
3. What characteristics will we need to create a safe, encouraging culture?

To simplify things, include only three Key Characteristics that are specific enough to guide your hiring decisions but universal enough to be true for everybody in the organization. Not only this, but they should contribute to the business hitting its financial objectives.

Here's a great example of Key Characteristics for a local restaurant:

- We love people and enjoy serving them
- We are obsessed with great-tasting food
- We are calm under pressure

Now that you know three economic priorities along with what kind of people you need to become to reach your financial objectives, let's talk about what actions we need to take in order to live our mission.

### Critical Actions

Critical actions are vitally important because if we don't embody the mission in action, we will never make an impact. Critical Actions define three actions every member of your team can take nearly every day that will move the business toward its three financial objectives. You're looking to create habits that move the mission forward.

Your three Critical Actions should have two things in common: nearly everybody on the team can do them, and they should directly affect the forward movement that will assist the accomplishment of your mission. Your Guiding Principles create a foundation on which to build your small business. Now you are able to move on to clarifying your marketing message.

## Step Two: Marketing

### Step Two Will Help You Solve These Problems:

- You aren't sure how to talk about your products so they sell
- Your website and marketing collateral isn't converting to sales
- Your social media doesn't have a controlling idea
- You have not created a loyal brand following

This step represents the right and left engines of your airplane, which are marketing and sales. An engine's job is to create thrust and move the airplane forward, so we are going to learn about how both engines can move the wings (products) of your airplane fast enough to create lift.

**Our marketing effort will focus on one clear objective: to explain what our products have to offer in such clear, simple language that everybody understands why they should buy our products and are motivated to do so.**

We can harness the power of story to generate interest in our brand and our products using your StoryBrand BrandScript. The StoryBrand Framework has you create seven categories of Soundbites that, if repeated in your marketing collateral, will help you invite customers into a story and generate more revenue for your brand using the StoryBrand Seven-Part Framework.

### Element One: A Character Who Wants Something

To get attention, you need to identify something your potential customer wants and then talk about it in your marketing collateral. The key here is to be specific. The more specific you are, the more likely you are to open a story loop in your customer's mind.

### Element Two: Must Overcome a Conflict

People only buy products and services to solve problems. If you talk about the problems your customers experience you are further opening the story loop that they must buy your product to solve.

### Element Three: Meets a Guide

Many small business leaders make the mistake of positioning themselves as the hero in the story. Never play the hero; always play the guide. To do this, you must express empathy about the pain your potential customers are experiencing and demonstrate authority that you actually know how to help.

### Element Four: Who Gives Them a Plan

You need to provide your customers three or four baby steps they will need to take in order to buy your product and solve their problem. It tells them making a purchase is simple, safe, and easy.

### Element Five: And Calls them to Action

It's a strange phenomenon, but people don't tend to do things unless you ask them to do things. And making purchases is one of those things. Call your customer to action with confidence. Your buy buttons are your cash registers; make them easy to find, click, and use.

### Element Six: So the Hero Can Avoid Failure

A good story needs stakes. The two categories we will create SoundBites for in order to add stakes are *failure* and *success*. We want to create a talking point about what we are helping our customer avoid.

### Element Seven: And Experience Success

Cast a vision for your potential customer that answers the question: What's in it for me? Give your hero a "happily ever after" by telling them about the wonderful, powerful, positive thing that will happen to them if they buy our product or service.

Use this series of repeatable Soundbites in all of your marketing collateral, including landing pages, lead generators, emails, and even casual conversations.

## Step Three: Sales

### Step Three Will Help You Solve These Problems:

- You hate to sell but know you need to in order to grow your business
- You don't feel comfortable when you ask for money
- You do not know how to write a sales email that will immediately close sales
- You need more sales and you need them now

Every small business owner and every account executive or sales rep should know how to craft a million-dollar sales pitch. That means a sales pitch that can be used over and over to make a million dollars, no matter how big or small your business is. If you know how to craft a great sales pitch, you can bring millions in revenue into your small business.

Very few of us who run or own a small business think of ourselves as salespeople, but the truth is, we all have to sell. If we don't, our small businesses will crash. If you don't like to sell, don't worry. The *Customer is the Hero Sales Framework* will teach you to "think" in story and relies on color coding to organize and craft a million-dollar sales pitch.

### The "Customer is the Hero" color key looks like this:

The customer's problems: red

Your product positioned as the solution: purple

The three- or four-step plan: brown

The negative consequences you are saving the customer from: yellow

The positive result your customer will experience: blue

Your call to action: green

If you can include two or more colors in a customer in-

How can you work just as hard as you're working now and generate two, five, or even ten times the revenue?

teraction (an email, a proposal, a conversation) and you're inviting them into a story and they're much more likely to pay attention. Include three or four, all the better. If you can include all six, you've just crafted a million-dollar sales pitch without even thinking about selling.

The key is for all of this to become so natural you think in story intuitively. Here's an example.

Let's say you're at a dinner party and you meet two people who have the same type of small business. You ask the first person what they do. They answer, "I'm an at-home chef. I come to your house and cook."

Later, while talking to the second person, you notice they answer differently. They say, "You know how most families don't eat together anymore? And when they do, they don't eat healthy? I'm an at-home chef. I come to your house and cook so you and your family can actually connect with each other over a great meal and when you're done, you don't have to worry about cleaning up."

What's the story? The story is about you, the hero parent who hired an at-home chef so you could better connect with your family over dinner. What do you need to live that story? You need to hire this person to be your at-home chef.

## Step Four: Products

### Step Four Will Help You Solve These Problems:

- You aren't sure which of your products is producing the most profit
- Your product offering is getting boring to your customers
- You need more cash and you need it fast
- You don't have a process in place to upsell products to existing customers

What gives your airplane lift? The wings, which are your products. Your marketing and sales engines will only work if they have a product to sell. The question to ask is this: How can you work just as hard as you're working now and generate two, five, or even ten times the revenue? All you have to do is figure out how to work just as hard as you're working now and provide 2x, 5x, or 10x the *value* you offer to customers.

Here's an example. A wedding planner was challenged with growing her business. She was only one person and limited in her ability to scale. We optimized her product offering by creating a product called Plan Your Own Wedding. For $5k, she would walk you through a robust checklist and give access to step-by-step videos that helped couples plan everything themselves. On top of that, the couples got access to a cohort of other couples who met with the planner each week to ask questions and address concerns. Suddenly, the wedding planner went from planning one wedding at a time to planning 10 to 15.

So how do we optimize our product offering? There are three exercises you can conduct.

1. Rate your products by profit. Look at current offerings and get brutally honest about what's bringing in money and what's weighing your airplane down.
2. Product brainstorm to see if you can offer new products that will bring in more revenue and profit.
3. Use a product brief to decide which products you should create to grow your business. This is a form you fill out every time you have a new product idea that will help you realize whether or not the new product is a good idea.

When you perform these three exercises, and continue to perform them on a regular basis, you will improve your airplane by making sure the wings are optimized for lift.

## Step Five: Overhead and Operations

### Step Five Will Help You Solve These Problems:

- Too many people are wearing too many hats
- Team members aren't getting consistent feedback
- Your culture feels like organized chaos
- Your leaders need better management skills

If the body of an airplane is too large to be supported by the wings and the engines, the plane will crash. Our small businesses work the same way. So, the question is: How to keep our overhead lean?

For most small businesses, overhead bloat comes from a single place: labor. We might suppose that letting people go is the answer. In fact, that is what happens in big companies. Tough as it is, it's the only way, right? Not so fast.

What if, instead of letting everybody go, your entire labor force became a business-building group of focused professionals that contributed mightily to the bottom line? It means your business would start growing and your overhead would transform into an investment rather than a spend. The way to do this is to install the *Management and Productivity Made Simple Playbook*.

To use the *Management and Productivity Made Simple Playbook* all you have to do is begin to hold five separate meetings. That may sound like a lot of meetings but these meetings are designed to replace most of the meetings that are currently bogging you down.

**The All-Staff Meeting:** Every Monday morning for 45 minutes to an hour, the entire staff gets together with a three-fold meeting purpose:

1. Maintain alignment and focus around the three economic priorities,
2. Update the entire team about any department initiatives or successes, and
3. Keep morale up by publicly honoring team members who are demonstrating exceptional work that helps your team make progress toward your three economic priorities.

**The Leadership Meeting:** This takes place right after the All-Staff Meeting and lasts a half hour to an hour. It consists of department heads and is designed to talk about the primary initiatives currently in motion as well as address any roadblocks that are holding back your economic objectives.

**The Department Stand-up:** This is for small businesses with more than five or six team members that are divided into two or three departments and they last less than fifteen minutes. Department leaders set objectives for the coming work days and address any roadblocks team members may be experiencing.

**The Personal Priority Speed Check:** Ongoing coaching is critical to keep productivity and morale high. In a short fifteen-minute meeting, leaders meet with individual team members each week to zoom in on each person's responsibilities within the context of the team.

**Quarterly Performance Reviews:** Every quarter you will carefully assess each team member's performance. These conversations are a mix between management and coaching in which each team member can come to understand how to improve their professional career.

The *Management and Productivity Made Simple Playbook* isn't just designed to streamline leadership and management meetings; it's designed to increase focus towards your three economic priorities (as defined in your Mission Statement) and take your productivity to its highest level yet and your business will be making a lot more money.

## Step Six: Cash Flow

### Step Six Will Help You Solve These Problems:

- You aren't sure where your personal finances and the business finances begin and end
- You constantly worry about running out of cash
- You aren't sure how much profit the company really makes
- You want the small business to help you make outside investments that build wealth

Even if your business is engineered like the perfect airplane, it is shockingly easy to run out of money and crash your plane. Your cash flow is your fuel. If you have plenty, you can fly your plane far and fast and circle the airport when there is trouble.

So, how do we manage money in such a way that we can pay our bills, enjoy a great salary, put some profit away for a rainy day, pay taxes, invest outside of the business, and, most importantly, never run out of money? The answer: Manage your small business cash flow using five checking accounts.

The *Small Business Cash Flow Made Simple Playbook* is perfect for business owners and leaders who identify more as money makers than money managers. You no longer have to sweat the finances. Running your money with five checking accounts will allow you to:

- See the overall health of your company in an instant
- Separate personal from business money

- Never run short at tax time
- Feel confident that your business can survive a set back
- See how much money is being put away to create personal wealth

The five checking accounts you will use to manage your small business finances flow in and out of each other to create a fluid system that gives you optics, and control, over your money. Here is a description of each and how to use them.

**Operating Account:** All the money that flows into and out of your business will flow into and out of this account. This is the main account you will use to pay bills, including your personal salary.

**Personal Account:** This account will receive an automated bimonthly or monthly transfer from the business account that will make up your personal salary.

**Business Profit:** This is where you store money your business makes that does not need to go back into the company to keep it alive.

**Tax Account:** This is where you will put the money you'll use to pay taxes.

**Investment Holding:** This is where you put money and keep it for a rainy day. When it gets so large that it doesn't make sense to keep it all for an emergency fund, you'll move some of the money to buy outside investments.

The work you're doing to build your business is important. The quality of people's lives, including yours, improves as we do the work. Here's to the success of your small business!

To access forms and templates integral to implementing the Six Steps or to join the community, go to SmallBusinessFlightSchool.com.



Donald Miller is the CEO of Business Made Simple, an online platform that teaches business professionals everything they need to know to grow a business and enhance their personal value on the open market. He is the host of the Business Made Simple podcast and is the author of several books, including the bestseller Building a StoryBrand. He lives and works in Nashville, Tennessee with his wife, Elizabeth.

From ***How to Grow Your Small Business: A 6-Step Plan to Help Your Business Take Off*** by Donald Miller. Copyright © 2023 by Donald Miller. Published by arrangement with HarperCollins Leadership, a division of HarperCollins Focus, LLC. ISBN 978-1400226955. Published by Soundview Executive Book Summaries®. Copyright © 2023 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. #4513

· Book 30 of 67 ·

# Human Design for Business

Jamie L. Palmer

Executive Book Summaries®

# Human Design for Business

## Discover Your Unique Blueprint to Build a Business and Life You Love




*by* **Jamie L. Palmer**

## Contents

Introduction
*Page 2*

Part 1: Human Design
*Page 2*

Part 2: Human Design for Business
*Page 7*

Conclusion
*Page 7*

## THE SUMMARY IN BRIEF

We all want to unlock the hidden potential lying dormant in the depths of ourselves. But traditional business books or self-help literature do little to put us on that journey. Finding your unique gifts starts with taking a journey into your own self.

The book ***Human Design for Business: Discover Your Unique Blueprint to Build a Business and Life You Love*** unravels a clear path toward understanding your personality, energy and body management, and decision-making skills. The pages within show you how to best process information, tap into your unique strengths, and build a fulfilling personalized business ecosystem.

Author Jamie L. Palmer introduces readers to nine different modalities packed in a single system to help you catapult your business and life forward by understanding yourself, your clients, and how you're uniquely designed to succeed in life and business.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to find your unique personality, profile, authority, and center.
- How to align your personality with your business and your life.
- How to implement your findings in business.
- How to cultivate an aligned and fulfilling business ecosystem.

## Introduction

I wrote this book because I believe that if each one of us could be more of who we are, the world would be a better place. I've supported entrepreneurs and small business owners my entire career. I believe my role is to be a steward of how to create a life and business on your own terms, in congruence with who you are meant to be. When you can do this with more ease and flow, you attract more abundance, make a bigger impact, and fall in love with your life and business again.

## Part 1: Human Design

### Chapter 1: The Hierarchy of the Human Design Chart

The Human Design Chart, created by Ra Uru Hu in 1992, is a great source of understanding for each of us. The chart, in visual form, shows different layers and processes which they are built upon. In Human Design, we always anchor back into your strategy and authority. The layers of Human Design include:

- Type. How you are designed to interact with others in the world.
- Profile. The baseline of your personality and how you experience the world.
- Authority. Your unique decision-making process.
- Definition. How the energy flows within your chart and the unique voices you have.
- Centers. The wisdom and depth available within your chart.
- Gates and channels. The unique types of energy that make you who you are and give life to your design.
- Incarnation cross. The purpose and work you are here to do in your journey.
- Not-Self. The conditioning we carry that is put on us by society, culture, people, etc.
- Variable. Your cognitive function and your life experience.
- Connection. The way your design impacts another in a one-on-one setting.
- Penta of Wa. The way you are designed to operate in a team or family setting, and the strengths, weaknesses, and challenges you may face in these settings.

### Chapter 2: The Projector Experience

If you are a Projector, you are a magnetic, insightful guide for those who invite you into their world. Your recognition comes when you explore your passion and wait for the invitation before offering up your wisdom. Your brilliance is a gift to this world; Save it for those who are eager to hear it. Rest easy knowing you are magnetic. Step into your power. Believe it. The not-self theme of the Projector is bitterness and resentment. The Projector can find themselves in this place when they haven't waited for the invitation, or they've accepted the wrong invitation. When it comes to business, a Projector must:

- Ask open-ended questions to gain clarity.
- Think of social media as a way for you to be invited and recognized.
- Choose a business model that allows you to go deep with people over a period of time.
- Build a team that believes in your mission and values your wisdom.
- Find support with a Generator or Manifesting Generator.

### Chapter 3: The Manifestor Experience

If you are a Manifestor, you are a powerful being with a massive capacity to make an impact in the world. Lean into your power with ease. Embrace your free spirit. Own your independence. Fearlessly use your voice. Inform your impact sphere. You are a catalyst for change in this world. Claim it. The not-self themes of the Manifestor include often experiencing lots of anger because of failing to inform the key parties in their lives of their actions. They often feel alone, like no one gets them or even likes them. Here's what being a Manifestor means from the business point of view:

- You might find yourself the lone wolf and that's okay.
- You will be best suited to a business where you have a clear and definitive start and stop.
- You have a lot of starting energy. Partner with someone who can help you finish when you inevitably run out of energy.
- You can practice your informing through your marketing and social media by sharing what is going on in your business behind the scenes.
- Your energy can be overwhelming to others. It's important to pair up with a Projector who can help guide you on your journey.

Frustration is often a sign of the need to dig deeper and do more exploration.

### Chapter 4: The Generator Experience

If you are a Generator, you are here with a purpose. You are fueled and refueled by work that fulfills you. Your inner GPS will guide you on your journey. Trust it. Embrace dancing with life. Become a master of the work you love. Connect with others to fuel your mission. When Generators are in their not-self, they will often be frustrated. This happens when they don't follow their sacral response or initiate something without first responding. As a Generator, you are here to respond to the world, not initiate. Your gut response of "uh-huh" can help guide you through life. Trust this response. Here's what that means for your business:

- Responding is a way of life for you. Find someone you trust who can ask you yes or no questions so that you can tap into your sacral response and get clear on your path.
- Frustration is often a sign of the need to dig deeper and do more exploration.
- Social media is your secret weapon as you can find things to respond to.
- Most business models will work well for you if you're passionate about work.
- Surround yourself with people who believe in the work you do, and build a team around you responding.

### Chapter 5: The Manifesting Generator Experience

If you are a Manifesting Generator, you are here to create a movement and share your superpowers with the world. You have an innate gift to empower those within your realm. Do the big work that ignites your fire. Oscillate between people and solitude. Embrace your juggling. You are multi-passionate, a multitasker, and independent. Trust it.

When MGs are in their not-self, they will often experience anger and frustration. The not-self happens when energy doesn't follow their sacral response, or they initiate without informing. Here's what that means for your business:

- You are meant to be multitasking.
- As you grow your business, there is a pull to do lots of different things – stay focused on one model.
- Workshops and master classes are a great way for you to channel your multitasking energy.
- Social media is a great tool you can use to test out your new ideas.
- Putting up a waitlist, gauging interest, and then creating the "thing" is a great strategy for you!

### Chapter 6: The Reflector Experience

If you are a Reflector, you are a powerful being with a massive capacity to make an impact in the world. Lean into your power with ease. Embrace your free spirit. Own your independence. Fearlessly use your voice. You are a catalyst for change in this world. Claim it. When Reflectors are in the not-self, they will experience disappointment. This sense of disappointment comes from their interaction with other people. Since they take in the energy of those around them and amplify it, they feel both the highs and lows of the human experience. For business, this means:

- Find a business BFF who will sit and listen to you so that you can find clarity.
- Being consistent can be a challenge for you, so having a support team and system will help you thrive.
- Think of your social media as a way to create your own community.
- Audio is a great way for you to express yourself in the world since it brings you clarity.
- Building a business that has built-in downtime regularly is essential for your success.

### Chapter 7: Profiles in the Wild

The profiles in Human Design are leveraged so that we can better understand how we are designed to interact with the world. Our profiles are made up of two separate parts:

- The design side, also known as the subconscious side or the body side.
- The personality side, also known as the conscious side or the mind side.

There are 12 different profiles in Human Design, which consist of six different combinations of the six lines. The combination of the lines that make up our profile color who we are. With each profile, there are two different numbers. For example, 3/5. The first number, 3, is in our conscious personality, while the second number, 5, is derived subconsciously. Below are the six lines in the Human Design system:

Line 1: Investigator or Researcher

- Identifies with traits of Introspection, Chameleon, and Empathy.
- Like to discover how life works.
- Like to get to the bottom of things.
- Must have a secure foundation for success (key to being able to relax).
- Tend to be deeply empathetic.
- Tend to be introspective in their learning.
- Seek out masters or experts or they become one.
- Struggle with change.
- Run a hyper-niched business.

Line 2: Hermit or Introvert

- Are like a seed waiting to awaken, grow, and produce its own unique fruit.
- Are noted for their natural talents and genius.
- Love their alone time.
- Rely on others to call them out to better understand their gifts and geniuses.
- Do not like to have to explain how or why they do what they do (often they cannot explain either).

Line 3: Martyr or Experimenter

- Trial and Error, Mutation, Adaption.
- Can easily discover what does not work.
- Find ways to enjoy the experimental process of trial and error.
- Have a natural resilience and adaptability.
- Are quick to say, "This is not true" and stand up for it.
- Have an inherent need for space and freedom in all that they do, especially in relationships.
- Are natural and resilient leaders, especially after the age of forty.

Line 4: Opportunist or Mayor

- Externalization, Friendliness.
- Concerned with the foundation of human relationships.
- Are deeply influential.
- Have a gift for networking and are incredibly friendly.
- Have a quality of life that is in direct proportion to their network.
- Require times of retreat to nurture themselves.
- Must get a return on investment from their energy investment.
- Can feel great angst when faced with the unknown.

Line 5: Heretic or Disruptor

- Step in when all the standard solutions fail.
- Get others to see the potential power that is there.
- Are sometimes private due to the projections they face.
- Take time to establish trust and safety in relationships.
- Must become truly self-aware of who they are to avoid the projections of others.
- Can be seen as someone who saves the day (projections).

Line 6: Role Model or Mentor

- Administrator, Optimist, Peacemaker, Mentor.
- Are much like an eagle or hawk soaring above perspective.
- Live their unique purpose, and in doing so, inspire others to do the same.
- Live by example.
- Are deeply trusting beings and model to us how to live our own unique life.

### Chapter 8: The Authorities

In the Human Design world, you will often hear the advice "Follow your strategy and authority." Strategy is how you are designed to interact with the world, and authority is your decision-making process. When you follow your strategy, which is tied to your type and then your authority, you will be met with much less resistance in life and more flow and joy. Here's the hierarchy of authority:

Emotional Authority

Emotional authority originates in the solar plexus, and

Emotional authority is very nuanced, and all types with this authority need to get to an emotional neutral before concluding.

when it is defined, it has precedence over all other authorities within the Human Design blueprint. The solar plexus has four distinct emotional waves:

- The Source of all Waves helps break down barriers and bond us together in pursuit of creating new life.
- The Tribal Wave, "Need."
- The Individual Wave, "Passion."
- The Collective Wave, "Desire."

Emotional authority is very nuanced, and all types with this authority need to get to an emotional neutral before concluding.

Sacral Authority

With sacral authority, the person will have a defined sacral. The sacral provides answers in the here and now. This authority is the feeling of being lit up from the inside, especially when something is a yes.

Splenic Authority

This authority derives from the spleen, which is the oldest of the centers and carries the primal wisdom of survival. This center is intuitive and is concerned with the survival of the species.

Heart Authority

There are two different types of heart authority. The first is the Heart Center Manifestor Authority. It is a direct connection between the heart center and the throat with no other centers defined. The second is the Heart Center Projected Authority. It is a direct connection between the heart and the identity center.

Self-Projected Authority

Someone with this authority will have a great deal of openness in their chart, and letting go of conditioning and the not-self of all the open centers will be important for this type of authority.

Environmental Authority (Ego)

This authority only occurs when the Ajna is connected to the throat, when the head is connected to the Ajna, or when the head, Ajna, and throat are connected. No other defined centers will be present for this authority. This authority is guided by the environment they are in.

Lunar Authority (Reflectors)

With lunar authority, there are no defined centers. The only type with lunar authority is a Reflector. Their strategy and authority is to wait twenty-eight days. It is during this time when the moon goes through the sixty-four gates of the transits that Reflectors with lunar authority get clarity.

### Chapter 9: Definition Overview

The definition is your defined energy in the chart. These include:

- No Definition: There are no channels or centers defined within the chart. This will only happen in a Reflector.
- Single: There is a single area of definition where all the channels and defined centers are connected within the chart. People with a single definition are self-contained.
- Split: There are two separate areas of definition, channels, and centers within the chart that can be connected with a single gate. These people will often experience the not-self of the bridge gate that they do not have in their chart.
- Wide Split: There are two separate areas of definition, channels, and defined centers that cannot be connected by a single gate.
- Triple Split. There are three distinct areas of definition within the chart that are not connected to one another. These people will have several bridges to connect the flow of energy in their chart.
- Quad Split. These are four different areas of definitions within the chart that are not connected to one another. People with a quad split will have eight or nine of the centers defined within their charts.

## Chapter 10: The Centers

In Human Design, there are nine centers within the chart. Each center has a meaning, definition, personality, and flow. It is through this definition of openness that the lens through which we see the world is brought to life. These nine centers are:

Head Center

The head is the source of the pressure "to know." It is here to provide us with wisdom and be a source of guidance for others. The strengths of a defined head include being clear on what you believe, having consistent access to your thinking, having a well of knowledge and ideas, and having a fixed process for discerning questions and answers. The strengths of an Undefined Head include being flexible and fluid in your thinking, absorbing people and information on a deep level, having the possibility of a still mind, and possessing deep wisdom.

Ajna Center

The Ajna Center is a source of awareness, consciousness, conceptualization, thoughts, insights, and opinions. A defined Ajna offers strengths such as having a stable mind, inspiring others, being certain, and relying on your mind to hold and process information. The strengths of an undefined Ajna include being wise and discerning about which information is worth processing, processing information in multiple ways, being flexible in the ways you look at life, having a photographic memory, and being a brilliant thinker.

Throat Center

The Throat Center harnesses the power of manifestation, intuition, instincts, fears, body, and awareness. The strengths of a defined throat include having consistent access to your voice, having high confidence in expressing yourself, and honoring your type, strategy, and authority to better empower your voice. The strengths of an undefined throat include having endless possibilities in your voice, being the spokesperson for a group since you amplify the energy, the ability to be a magnet for others, and letting your voice flow freely and show up in a variety of different ways.

Identity Center

The identity center harnesses the power of self, purpose, direction, and love. The strengths of a defined identity center include having a solid sense of yourself, having a grounding in your being, and having a steady stream of direction. The strengths of an undefined identity center include being fluid in your being, having an openness and flexibility to who you are, being wise about your direction and love, having a richness to your life, and the ability to serve as an incredible guide to others.

Heart Center

The heart center harnesses the power of ego, motivation, willpower, commitment, self-worth, and the material world. The strengths of a defined heart include being able to follow through once you've decided to do something, valuing yourself and your contribution, being competent, and inspiring others. The strength of an undefined heart includes being able to discern what is valuable to you, and not having to do anything to prove your worth.

Solar Plexus Center

The solar plexus harnesses the power of the spirit, emotional awareness, passion, desire, and creativity. The strengths of a defined solar plexus include having consistent access to your feelings and developing clarity over time. The strength of an undefined solar plexus includes having the gift of being on an even keel and unemotional, empathetic, and deeply feeling what others experience.

Splenic Center

This center harnesses the power of intuition, instincts, fear, body awareness, and immune system time. The strengths of a defined spleen include being able to consistently tap into your intuition, the ability to use five senses, and having a strong immune system. The strengths of an undefined spleen include discerning which fears and anxieties are yours, offering deep wisdom for others, and being incredibly intuitive.

Sacral Center

The sacral center harnesses the power of vital energy, fertility, availability, and responsibility. The strengths of a defined sacral include having consistent access to energy, sustaining your work once you start, and being able to reset energy to zero every day. The strengths of an undefined sacral include being able to pause and live with ease, relax, and have the ability to magnetize people to you when in your strategy and authority.

Root Center

The root center revolves around life, fuel, adrenaline, drive, stress, and worry. The strengths of a defined route include having consistent access to your drive, an innate ability

to be in action, and being able to handle pressure. The strengths of an undefined root include being able to discern about what activities you do to take action on and being very productive at times.

## Part 2: Human Design for Business

### Chapter 11: Marketing and Sales

To build a business, you have to market and sell yourself to get clients. But to do that you have to discern how you are going to create that content in the first place. This brings me to the throat center, where all of the energy wants to come out of our bodies and into the world. The throat can express or act from six different centers: the heart, the Ajna, the solar plexus, the spleen, the sacral, and the identity. Selling can be easy when we make buying simple for prospective clients. You don't want to make people jump through a lot of different hoops to do so. Even if you can't make all your products and services available for purchase online, I recommend making some of them available online for ease of purchase and getting into your business ecosystem.

### Chapter 12: Sales & Marketing for Different Types

Concerning the sales process, the Projector needs to wait for the recognition or sale before pitching someone. It would be better for a Projector to avoid sending out cold, unsolicited messages or pitching someone a program. Instead, they must for the other person to ask: "How can I work with you?" Projectors must also be mindful of not saying yes to every invitation that comes along if it doesn't feel like a yes for them. The Generators must always be responding. Responding in the marketing world could mean asking communities, "What kind of content do you want from me?" When you're working with someone new you may feel yourself light up from the inside. If this doesn't happen, they might not be the correct person for you.

Manifestors are here to initiate and inform, and that is exactly what you can do on social media. Traditional marketing wisdom of showing up consistently is not going to work for you. You will need to show up when you have the energy to support those initiations. Manifesting Generators can effortlessly market their business by embodying their uniqueness, focusing on their own garden, and showing up with ease.

For reflectors, their environment determines their success. Since reflectors are non-energy beings, they won't want to be juggling multiple marketing efforts or platforms. They will want to focus and cultivate on one platform and build a community that feels really good to them and that's a mirror of the world they are creating.

### Chapter 13: Sales & Marketing for Different Profiles

For the first lines, it is important to establish a solid foundation for you to feel confident in your marketing and sales. This means you'll need to give yourself a set period where you allow yourself to research how you will market yourself, and then you will need to move into action.

Marketing and sales can be a challenge for the second line. You enjoy your alone time and do not enjoy coming out of your bubble and into the world. Due to the nature of the second lines, they typically do well with audio or written since they don't always want their faces attached to everything.

As a third line, experimenting with your marketing and sales is key. Innovate, create, play, and have fun. Try new things. Dive in and know you will figure it out along the way, and if not you will at least learn something new. Marketing for you is a playground with which you can experiment to see what works for you and your audience.

The fourth line's success is directly correlated to the quality of their network. This doesn't necessarily mean you need to know people in person in a traditional networking way, it simply means that building a community and a network of people is going to help you grow your business with more ease.

As a fifth line, you live and breathe in the projection field, meaning people have expectations of you that you aren't willing to fulfill. It is incredibly important to be clear and consistent in your messaging. It is even more important to be direct in your sales conversations about what you're willing to do.

As a sixth line, simply putting yourself in sales and marketing will bring the right people into your world while honoring your strategy and authority. While you may want to actively market yourself, many sixth lines find that podcasting or creating videos is a great way to connect with their audience.

## Conclusion: Wrapping Up the HD Your Biz Book

I hope that at this point in the journey, you have a better understanding of your Human Design and how to lever-

age that in your life and business. The journey to living in congruence with your Human Design takes time and grace. You must learn to dance with your design, tend to the aspects where you have gotten off track, and reckon with your head trash and limiting beliefs that may hold you back from expansion and growth.

Embrace your quirks and authenticity. The world needs you to own who you are. Express your unique voice and perspective. Never settle and be willing to challenge the status quo and the way it is always been done. It's time to have success in your business and your life on your own terms.



**Jamie L. Palmer** is a human design expert, coach, and educator on a mission to liberate entrepreneurs from the false beliefs and obstacles holding them back in life and business. Jamie cultivated a diverse body of knowledge and expertise throughout her own journey as a business owner, then synthesized her hard-won wisdom into a revolutionary system known as Ecocentric Human Design®, a training hub for entrepreneurs to foster regenerative business ecosystems that help humanity thrive.

***Human Design for Business: Discover Your Unique Blueprint to Build a Business and Life You Love*** by Jamie L. Palmer ©2023 by Jamie L. Palmer. Summarized by permission of the publisher, Morgan James Publishing. ISBN 978-1636981680. Published by Soundview Executive Book Summaries®. Copyright © 2024 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 46SS07A

· Book 31 of 67 ·

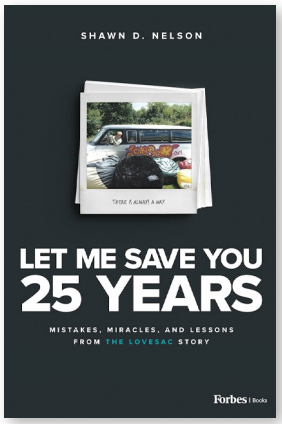
# Let Me Save You 25 Years

Shawn D. Nelson

Executive Book Summaries®

# Let Me Save You 25 Years

## Mistakes, Miracles, and Lessons from the Lovesac Story




*by* **Shawn D. Nelson**

## Contents

Just Do Something
*Page 2*

Be Willing to Sweep Floors
*Page 2*

Play Along the Way
*Page 3*

Make Your Own Luck
*Page 4*

Quit or Keep Going
*Page 4*

Talk Big, Work Small
*Page 5*

Hire Better Than You
*Page 6*

We Can All Win, Together
*Page 6*

## THE SUMMARY IN BRIEF

***Let Me Save You 25 Years: Mistakes, Miracles, and Lessons from the Lovesac Story*** compresses the twenty-five-year history to date of Lovesac, a company set in motion when author and Lovesac founder Shawn D. Nelson was just eighteen years old. Over many years, The Lovesac Company would grow into a billion-dollar publicly traded corporation able to employ thousands. In taking in the stories and lessons he learned along the way, readers will learn many of the mistakes and miracles that have added up to success.

These principles can apply to anyone, engaged in anything in very practical ways. If you can learn from his mistakes, then perhaps your ambitions, big or small, can be realized in less than the twenty-five-plus years it took him to finally learn something and get somewhere with his. With an open mind, an honest heart, some ambition, time, help, and a little bit of luck—all things are possible—and you may just save yourself twenty-five years.

## IN THIS SUMMARY, YOU WILL LEARN:

- The importance of simply making something happen.
- How to make your own luck.
- Why it comes down to this choice: quit or keep going.
- The value in hiring people better than you.

## The Story: The First

June 1995, Shawn is sitting on his parent's couch one morning shortly after graduating from high school. A thought enters his brain from wherever thoughts like this come from: "It would be funny to make a really big bean bag—like big enough to fill the whole living room floor." He gets off the couch and drives down to the JoAnn Fabrics store. The clearance table has a remnant of black vinyl and tan vinyl that should be just enough.

He races home, rolls out and cuts the fabric by eye, and starts sewing it together. After jamming his mom's sewing machine, a friend's mom finishes the job, installing a zipper for stuffing. After three weeks of chopping up old blankets, packing peanuts, and camping mattresses in the basement he finished stuffing it. The Sac is born.

The very first Sac is out and about, riding along in the back of his truck as an accomplice to every mindless summer night adventure. Camping. Drive-in movies. Fireworks at the park—everybody loves it and everybody wants one.

To flop into it is immediately shocking—it's not a bean bag at all. It is an eight-foot-in-diameter comfort cloud that involuntarily puts a smile on anyone's face just to behold its ridiculousness—let alone on contact. But it would be three years until someone finally convinces him to go through the trouble of making another one.

## The Lesson: Just Do Something

Do *something* to take whatever wild idea is nagging at you and move it forward—even an inch. Take that first step. Immediately, if you can. Why not? It is amazing what can be learned from actually doing *anything* versus just thinking or talking about it forever.

Don't think too hard. It may take a thousand starts before one of these ideas takes root and turns into something lasting. It is shocking where even the silliest ideas can lead. Lovesac is living proof of this. The world is full of people with good ideas. The thing that separates the champions from the rest is *action*—and then sustained action.

Simply *do* the things you think of! Develop a bias for action. Don't wait. Err on the side of *trying* the things that come to your mind without putting them off. Pick up and go. Sign up for the class. Take the risk. Prototype it. Don't just talk—*do*. Go make something happen. *Right now*.

## The Story: The Lawn

May 1999, Shawn has officially made a second Lovesac for a friend. Now their friends want one, and *their* friends want one. The first formal sales event is on the lawn outside of the student union building at his university.

They set up a folding table, photocopied brochures, a three-ring binder full of blank order forms, toss one of each size Sac on the lawn, and see what happens. It's a party. Everybody loves it. That same reliable Lovesac effect—love at first sit.

Registration, preparation, sample-making, load-in, setup, all-day demonstrating. Tear down, take home, order process, draw-out, cut-out, drop-off at the seamstress's house. Pick up, shred, stuff, deliver, collect, deposit, repeat. That is the work required for every boat show, car show, beer fest, and Christmas Expo that drives their silly side hustle called Lovesac in year number one.

Christian, Shawn's best friend since junior high, is already involved and recommends James, who is "studying marketing" in school, to join the team. There's *three* of them now, willing to sweep floors, unload, pick up, or do whatever needs doing for *free*...alongside school, social lives, and "real jobs" that actually pay money. They have no idea it will be years before they see a dime from any of this.

## The Lesson: Be Willing to Sweep Floors

There is nothing too hard, too long, too complicated, or too low for you. It doesn't matter how big the organization gets or how long you've been at it. You are *always* willing to do whatever it takes. You are even willing to sweep the floors if that's what needs doing.

This "willing to sweep floors attitude" doesn't mean that you always *will* sweep floors. The principle is a matter of never losing the sincere *willingness* to do it—and, when your back's against the wall, do it with a smile.

Preserving this attitude is critical to maintaining your edge, bolstering your credibility, and keeping a finger on the pulse of what's *really* going on in an organization.

And what of getting ahead? How is this achieved? First, make sure you are on the right bus. If your ambitions greatly exceed the size or scope of the organization you've chosen to ride on, then your opportunities there will be limited out of the gate. Consider a different bus.

They may not know a lot about finance, planning, accounting, visual merchandising, or inbound freight, but they know how to cause a ruckus.

Second, make sure the people you report to and those above them are good people with honest intentions. If they are, then they will recognize and reward strong talent. Merit will guide their decisions. If they are not good, then their decisions will reek of politics, nepotism, ego, or fear. You're on the wrong bus with the wrong people.

The third piece is simple: Be *amazing*. Be an A-player. Exceed expectations. If you are truly awesome at whatever it is you're doing, you will be noticed, you will be recognized, and eventually granted more pay, responsibility, and opportunity. On the *right* bus with good people, you can ultimately climb as high as your capabilities and attitude will allow.

## The Story: The Mayhem

August 2003, Lovesac franchises are opening in malls at a breakneck pace. The marketing team has them involved in every buzzworthy event possible by now.

Not just another fashion brand, the Sacs can hold their own in celebrity venues at the Oscars, Emmys, and X Games. One friend leads to another, and suddenly all kinds of celebrities, musicians, athletes, and Hollywood superstars are reaching out to get their hands on one. The brand is really starting to boil.

They may not know a lot about finance, planning, accounting, visual merchandising, or inbound freight, but they do know how to cause a ruckus. Fans are coming out and camping overnight, dressing up on-theme, and queuing up through the mall, stretching out into the parking lot.

The lines block the entrances of fifteen neighboring stores and generally piss off everyone along the way. Customers love it! They pay the Laker Girls to come out and take photos with the line of LA super-fans. They just have fun with it—with *all* of it. They make work *play*.

## The Lesson: Play Along the Way

Take the time you need to keep yourself relaxed and sharp. Use up all of your paid time off if your job offers that.

You're no good to anyone as a miserable, uptight, workaholic anyway. You won't perform well that way either.

Work as hard as possible while cramming some good times into all the seams and cracks of life. You may have to make sacrifices along the way. You may have to skip *some* things and live without others for years. You may take shorter vacations or chase different kinds of hobbies than others do because of your ambitions.

However you do it, push yourself to *play along the way*...or twenty-five years will race by accidentally, and you'll just have gotten old.

## The Story: The Million

April 2004, Richard Branson is spinning up a business competition reality TV show, and they want Shawn to audition for it. It's for business-owner-entrepreneurs to compete for what will be the "biggest prize in reality TV history." He fills out their forms, shoots their on-camera interviews, and then forgets all about it.

Three months later he receives a phone call: "Can you be ready to travel to London and begin filming next week? You'll need to leave your company behind for two months, and you'll have no contact with *anyone* during filming." No phones. No email. He's nervous. His business partners are nervous. His new wife is nervous. But the exposure could be life-changing, not even knowing yet what the prize may be.

They risk it!

Two months of filming, eleven episodes, and fourteen people eliminated, it's down to Shawn and Sara Blakely, founder of Spanx. She, of course, is amazing but Richard names Shawn the winner.

He gives him one last test for high drama. He presents a check for $1 million, a gift for Shawn to invest in Lovesac. He can take this million dollars, or flip a coin. If he guesses the coin toss correctly, they will "go on an even greater adventure together."

This is gut-wrenching. After thirty minutes of deliberation, he takes the check for a million. Richard reveals that *had* he flipped the coin, he would have been ruled foolhardy, and he would have left the show with nothing!

The cameras are finally put away after two solid months of filming. They're lying on the roof of Branson's main house at Necker Island looking at the stars. The whole thing feels surreal. Their conversation under the night sky gets deep and philosophical. Richard asks him about his beliefs and Shawn shares his faith in God and his gratitude for blessings and miracles like this one. He asks Richard about his.

Richard tells him, in that distinct English accent, "I believe we make our own luck." Shawn nods and smiles. He's not sure how he feels about assigning all the credit to luck.

## The Lesson: Make Your Own Luck

It's all too easy to correlate our successes with our own efforts, intelligence, charisma, and capabilities. The faithful choose to thank God as well. The undying optimist in all entrepreneurs will accept the inevitable rough patches as necessary stumbling blocks meant to be conquered.

But *really* tough times—the incredibly painful kind of hard times that stack up in layers and conspire with rotten timing to wreak havoc on our physical, mental, and financial viability—*these* experiences can cause us to finally capitulate and admit: *only terribly bad luck can possibly explain my plight*.

Making an effort daily to openly express gratitude is one of the healthiest things we can do. It keeps us humble and grounded. Even if we don't choose to look at things as "blessings," good luck is okay too. Even the ricochet of random events in this life are part of the cosmic landscape God expects us to navigate anyway. Because of this, life is *not* "fair," and it never will be. You just have to play it where it lies.

By striving for excellence and developing various talents all his life, Shawn had unknowingly prepared for a fast-paced trip to foreign lands with a billionaire that would somehow lead to victory. He didn't choose to recognize it at the time. But certainly, winning "one million dollars on prime-time national TV," just in time to save his fledgling business from the debilitating debt they had already amassed, can *only* be attributed to some cocktail of good luck and blessings.

Call it faith. Call it "the secret." Call it a coincidence if you like. But we *do*, in fact, make our own luck.

## The Story: The Bankruptcy

January 2006, Shawn is standing outside of an auditorium between sessions on some paid speaking gig where he's expected to motivate entrepreneurs and business owners to get bigger, better, faster. The phone rings and it's a call he's been dreading. Their lead venture capital investor tells him, "The board is voting to file Chapter 11 tomorrow in Delaware."

The investors' point of view is: After a disappointing holiday season fraught with various operational issues, Lovesac needs more growth capital and runway to reach profitability. Rather than reinvest, however, they could file for Chapter 11 bankruptcy, and through the reorganization process, cancel their worst debts, purge their worst lease locations, dissolve the worst-performing franchise relationships, and buy back the best ones at fair market value to make them all company-owned stores afterward. They would need to eliminate most of their HQ staff and repurchase the company out of Chapter 11 in about six months' time for less than it would cost them to reinvest now.

Talk about humiliation.

Exactly one year ago, Shawn was the winner of the "biggest prize in reality show history" and viewed broadly as Branson's protégé. Now, he would have to walk back into this venue of cheering onlookers to rile them up with his thrilling origin story and entrepreneurial epithets. By this time next week he'll be sitting at a table across from opposing counsel who will be grilling him and drilling down into every contract and document the business has. He put on a smile and delivered his speech to much applause.

It was mortifying. The reorganization process leaves him physically, mentally, emotionally, and financially destroyed.

## The Lesson: Quit or Keep Going

The reason Shawn was in this predicament is because he "just *did* the next thing," opening stores haphazardly. This was a mistake. He didn't pause to consider that it might be the *wrong* next thing. He should have hired an extra staffer in that first store, stopped selling, and taken his hands *out* of the business and worked *on* the business—for as long as it might take to understand exactly *why* it was working so well—then turn *that* into a replicable playbook.

Investors *want* to give you their money if you have something scalable and reliable—you don't have to bootstrap it forever, scale it yourself on pure grit, or self-fund it with

They charged off to just "make it happen," using brute force and determination, modeling the classic business school blunder: grow too fast, go out of business.

wanton franchise fees like they did. At that time they knew none of this and Shawn's chosen partners knew little more. They charged off to just "make it happen," using brute force and determination, modeling that classic business school blunder: grow too fast, go out of business.

The best part about dealing with the worst kind of outcomes, however, is that they greatly simplify your choices. You can either quit or keep going. That's all there is when it comes down to it. It is a choice, and that's *all* it is. It is a choice we all must make each and every day, regarding each and every endeavor.

You either quit, or you keep going. Shawn decided to keep going.

## The Story: The Bold Brand

June 2010, it's time to be bold again. They're unable to afford the PR teams and product-placement budgets they blew through in their first come-up, but they can pretend. Shawn is brashly vocal in interviews and articles, proclaiming that "someday there will be Lovesac Theaters, Lovesac Buses, Lovesac Limos, and Lovesac Hotels...on our way to building a lifestyle brand."

Marc Cuban gets wind of all his big talk and gives them a shot at reviving one of his dated movie theater locations on "Lover's Lane" in Dallas. They'll be outfitting it with Sactionals and Sacs, front to back. The Lovesac Theater quickly becomes the most popular auditorium in town. It's a big sale for Lovesac at a most critical moment. Miracle.

Meanwhile, the remaining Lovesac stores need a facelift in order to escape the retro college-kid vibe to become a furniture brand worthy of Sactionals' five- or ten-thousand-dollar price tags. But they have tight budgets—keeping the business incredibly lean until they have enough scale to begin generating cash from operations.

They're installing new artwork, rewiring sound systems, spray-painting makeshift cash-wrap-expansion legs in the parking lot—one location at a time. Then it's on to the next one, with countless more needing similar upgrades. He's only thirty-three, but he's exhausted.

## The Lesson: Talk Big, Work Small

Any leader should be constantly talking big and with words, pictures, presentations, and conversations to bring people along with their vision. It's too easy for employees, partners, investors, and suppliers to lose sight of the vision you are working toward, if it is not constantly reinforced.

Tell your team what to expect, and what is coming. Get out ahead of everything you can and eliminate surprises wherever possible. Overshare. Set internal goals high and beat them reliably. It is the leader's job to speak with boldness and transparency, including some of the bad news too. Keep it real. Be honest and candid. Don't sugarcoat everything—this weakens believability overall.

Get to know people at *all* levels of your organization, whatever your position is. Seek out mentors and be humble enough to learn from everyone. Be customer-centric. Speak to individual customers. Listen to them. Many of the best answers and ideas are found there—but you need to be in touch.

Be willing to meet deadlines and achieve your basic KPIs and goals with operational excellence. Even majestic visions, ideas, and plans can't excuse the baseline requirement to deliver solid performance week after week. Talk big, even as you work small.

## The Story: The Showroom

August 2015, having scraped their way back to more than fifty locations, it's time for a change in direction. Shawn can see the emerging digital-first and direct-to-consumer brands out there that are focused on an e-commerce-led strategy, supported by small-format mall stores just like theirs, but driven by advertising. They take a risk on TV advertising, supported by digital and social media, focused intently on measurable return-on-ad-spend.

The numbers don't lie.

From here on out, they won't operate "stores" anymore. They will focus on "showrooms," places to touch, feel, and experience the products seen on TV or online.

These showrooms are reimagined with new branding. They will carry no inventory. Customers can make their purchase however they want, virtually or in-person. Everything will be shipped to them direct-to-consumer regardless of where they purchase.

It works.

## The Lesson: Hire Better Than You, and Let Them Own It

Top talent and top teams, operating without too much dysfunction, deliver top results. End of story. It is always in any leader's benefit, therefore, to hire the absolute best people they can possibly afford. Be brave enough to hire people that are *even better than you*—at least in some capacity, if not overall.

You must also be courageous enough to let them hold the reins. Trust them. Let them call the shots. Let them make *every decision you possibly can*. Let *them* take the credit for success.

Make "we" your default language. Make it a habit. Top talent may go on to achieve positions or titles to the side, above, or beyond that leader who initially brought them on. This too reflects most favorably on the leader who hired them or coached them up. Be that person.

Hire *better* than you, and let them own it.

## The Story: The IPO

June 2018, it's another Lovesac miracle at the eleventh hour. They somehow close on the necessary funding to keep the lights on and bridge Lovesac to a potential IPO. It's been twenty years since Shawn founded the company in his mother's basement and it's hard to believe what it has become.

Like an oak tree through a crack in the concrete, it has grown into a $100 million enterprise about to be listed on NASDAQ. His parents really don't know what to make of it. Lovesac will be the first stock they've ever owned in their life. Shawn's too.

The IPO is successful. Shawn is a multimillionaire overnight. The hundreds of other long-time Lovesac family members who've earned ownership in the company can monetize their stock. After many years struggling together, their suppliers, too, now have a more stable future indeed. It was a great day—for all of them.

## The Lesson: We Can All Win, Together

Firms have many stakeholders to consider whether they realize it or not. So besides doing well by yourself and your investors or partners, consider the employees, the customers, the suppliers, the community you operate in, and the environment, just to name a few.

Become aware of as many stakeholders as you can, consider them, plan for them, make the effort to build it for them steadily, over time, and we can all win together. As they say, the best time to plant an oak tree is twenty years ago. The second best-time is *now*.

Lovesac's winding path has afforded Shawn valuable lessons along the way. He is wiser for it. He knows who he is. He sees what he can become. He's found purpose. He's found love. He's been humbled to become teachable yet stayed *just dumb enough* to believe he can do almost anything with the right team.

He's grateful for this twenty-five-year adventure as it has forced upon him the pragmatic perspective that he has today: Things usually take way longer, and they're way harder than we ever think they will be. But he genuinely believes, as the cliché goes, if only he had known then what he knows now, he could have shaved at least a decade off.

Perhaps you can.



Shawn D. Nelson is the founder and CEO of Lovesac, repeatedly recognized as the fastest growing furniture brand in the US for over a decade. Lovesac is publicly traded on Nasdaq, ticker "LOVE" leveraging its rapidly growing fleet of more than 270 Lovesac branded retail locations. From humble beginnings, Shawn founded Lovesac in 1998 making Sacs by hand for neighbors and friends while in college. He graduated from the University of Utah in 2001 with a BA in Mandarin Chinese before opening Lovesac's first retail location in his hometown of Salt Lake City shortly after graduation.

From ***Let Me Save You 25 Years: Mistakes, Miracles, and Lessons from the Lovesac Story*** by Shawn D. Nelson. Copyright © 2024 by Shawn D. Nelson. Summarized by permission of the publisher, Forbes Books. ISBN 979-8887503523. Published by Soundview Executive Book Summaries®. Copyright © 2024 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 4610

· Book 32 of 67 ·

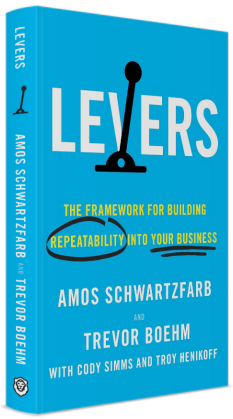
# Levers

Amos Schwartzfarb and Trevor Boehm

soundview
Executive Book Summaries®

# Levers

## The Framework for Building Repeatability into Your Business




*by* **Amos Schwartzfarb and Trevor Boehm**

## Contents

Introduction
*Page 2*

The True Meaning of Work
*Page 2*

Don't Just Trust Your Gut
*Page 2*

Seeing the Big Picture
*Page 3*

Know What's Working and Why
*Page 4*

Wake Up and Start Living
*Page 4*

## THE SUMMARY IN BRIEF

Although many new companies are popping up by the day, not all work. And by "work," we don't just mean a unicorn-status kind of work. Instead, not all companies work in a fundamental way that they can solve real problems for their customers and see repeatable, sustainable growth.

In ***Levers: The Framework for Building Repeatability into Your Business***, you learn how to find the levers of your business so that you can create repeatability and succeed in the true meaning of the word. Amos Schwartzfarb and Trevor Boehm teach you to do this through a set of 5 tools that all successful business people use, whether they realize it or not. These tools are designed so that entrepreneurs can not just see the potential success of a company, but what levers need to be pulled so that the company can succeed. All around, *Levers* teaches how to build a successful business with anticipated results by identifying and pulling strategic levers.

## IN THIS SUMMARY, YOU WILL LEARN:

- What it means when a company "works."
- Why true vision is the secret ingredient of a successful business.
- Five tools to help you have vision, identify levers in your business, and know which levers to pull for success.
- How to gain more control over your business outcomes.
- How to turn your vision into reality.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, Suite 202, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • November 2021 • Order #43SS11A Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

***Levers*** is the perfect playbook for a new generation of business people and entrepreneurs who want to build repeatability to create more control over their outcomes. Instead of providing a step-by-step guide for success, *Levers* explains business success so you can put words into action.

By creating the same language for your team, knowing what's working and why, and gaining more control, you will know what levers to pull in your business for it to work.

## The True Meaning of Work

All entrepreneurs want their businesses to work in the most fundamental kind of way. For a business to truly work, it can't just exist. Instead, the company solves real problems for their customers and is able to see repeatable and sustainable growth when it truly works.

There are several reasons why successful entrepreneurs want their businesses to work in this way.

On the one hand, businesses that work are practically able to run on their own. Because the machine has been fine tuned so correctly, it is able to repeatedly generate cash so that the business operator does not have to worry about income and tiny detail issues. In other words, the operator can relax while still having control of the business.

On the other hand, the business operator actually understands the business. Not only does the operator understand the point of the business, but they know the steps required for the business to fulfill its ultimate goal. Hence, the operator knows how to continually fine tune the business for it to succeed in the future too.

These two facts of a working business are known and practiced by all successful entrepreneurs, both consciously and unconsciously. Ultimately, most entrepreneurs want to get to this point in their business, but they don't know how to get there.

### Vision Is The Difference Between A Successful And Unsuccessful Business

Many entrepreneurs dream of fantastic businesses with a lot of potential. However, most of these same entrepreneurs do not know the steps they need to take in order to reach this potential.

So, these entrepreneurs have the creativity to see the final results of their business, but they don't have the vision or skills to make it a reality. As a result, lack of vision is what truly differentiates a successful business from an unsuccessful one.

In comparison, successful entrepreneurs not only see the end results, but they see what they must do in order to get there; they can almost see how the company will succeed almost like looking into a crystal ball.

More specifically, successful entrepreneurs know exactly what steps need to be taken and why in order to create a business that helps their customers. This allows the company to demonstrate repeatability and practically work as a seamless machine.

It might be helpful to think of a successful business as an ATM. It comes with a series of levers and buttons. When the levers are pushed or pulled in the right way and in the right order, the business will spit out cash as predictably as an ATM.

This description of a successful business can be bottled down in one word: vision. Entrepreneurs with vision can visualize what steps they will take and how these steps work together to create a working machine that is their new business.

## Don't Just Trust Your Gut

One thing successful entrepreneurs never do is blindly trusting their gut to undertake or chase an industry or venture capital trend, accruing gigantic risk in hopes of cashing in on some technology or hype wave.

Instead, successful entrepreneurs start with a core belief about whom they want to serve, what that person needs, and why they need it. Action by action, the entrepreneur can piece together a theory for how they can capture value while serving their customers, using data, and testing their understanding every step of the way.

This is simply another way of explaining that successful entrepreneurs have vision. It can also be helpful to think of all of these little parts in the plan as levers – how they capture value is one lever, while testing out their products and tactics is another.

Thus, successful entrepreneurs identify the levers that control their business and move the levers in a way so that it succeeds.

## Seeing the Big Picture

To make a successful business, entrepreneurs' picture

includes the potential of the business, but that is far from being it. Instead, the big picture also includes the minor details that make up the big picture.

Think of a painting. A painting is made up of thousands if not millions of strokes. The strokes work together to create the entire picture. Your business works the same way. Millions of small parts function as one so the business can succeed.

In order to see the big picture, there are five questions you need to ask about your business.

First question is: "Why is my customer, what are they buying, and why?" This question allows you to recognize your customer, what they want, and why they want it. All parts of the question are equally important and need to be thought about fully.

Once you can identify your target audience and what you want to fix, you need to move on to question two. How do I create value and ultimately revenue? A business will cause you more harm than good if you can't make money. Plan how you will create value and revenue by looking at data concerning your topic.

Now for question three. What do I do now and next? This is where you create your game plan about all the cogs that work together as one. Plan exactly what you need to do in order to provide value for your customers and generate revenue. Plan steps in order of importance and time frame.

This question is where most new entrepreneurs slip up. They can successfully answer questions 1 and 2, but not 3. Make sure you can answer this question to complete the vision of your future business.

Of course, it's not enough to create steps. You have to confirm that these steps work with statistical data and feedback. This is where question 4 comes into play. Is what I'm doing working?

To answer question 4, you will look at data-driven metrics to see if your plan is working. If it is not working, change it. If it is, why? By knowing why the plan is working, you can better act in the future.

You shouldn't just answer question 4 when you first start the company. Instead, you should continue to come back to question 4 to re-evaluate your company so that it can improve in the future. This is how a company stays relevant amidst changes.

Finally, question five asks, "What's my plan?" Your plan includes all of the steps and vision you have included up until now. Create an actionable plan that can turn your vision into a reality. Actionable is the key word here.

An actionable plan is one that can be implemented and put into action. Without implementing your plan, it is just words on paper. Delineate your plan so you know what to do with certainty.

## Action Speaks Louder Than Words

So far, we have only discussed the steps of creating a successful business plan. Although the planning stage is crucial, it is all just words on paper if you do not learn how to implement the plan and turn your words into action.

The most successful businesses have vision to create a plan that explains how the business succeeds. At the same time, successful businesses know how to apply that plan. The most important steps for turning your plan into a reality is by getting everyone on the same page, know what's working and why, and gaining more control over the business.

As the company grows and progresses, the three steps of implementation should be referred to again and again. By constantly using the same language, all team members are on the same page, even when plans change. Furthermore, knowing what's working and why can help you know when you need to change plans.

Finally, gaining more control over your business will help it work like a machine that functions as it should, instead of a machine that uses all your fuel and energy.

## Team Members Say The Same Things

A successful company extends beyond the entrepreneur. As the saying goes, it takes an army – or a team in the case of a business. Once you can answer the questions above, it's time to move onto your team. Everyone must be on the same page now and in the future too.

One of the best ways to ensure that all team members are on the same page is by ensuring everyone says the same things. No, this isn't brainwash. Instead, it means that all team members know how to explain the main steps of the business in the same way.

More so, you want everyone on your team to have shared language for who the customer is, how you create value, and how you plan to grow the business. By saying the same things, the entire team is on the same page about the company goals, plans, and steps.

## Know What's Working And Why

Many people mistake having vision as being creative and thinking outside the box. Although this is part of vision, businesses with vision are metrics driven. They know what works and why or what doesn't work and why. Metrics driven businesses can tell you, with a strong degree of confidence, whether all the effort you're putting into the business matters.

As the business continues to grow, you'll be able to identify and find things in structure. Plus, you'll measure and track the businesses progress. In the meantime, you will become a master at learning your business, further helping you to plan for its future.

When this happens, you as a business operator will see the company begin to run on its own. Once gain, it's almost as if you have a crystal ball to see into the future so that you can call your next shot in the business, which will also be driven by metric-driven data!

### Feel Less Out Of Control

Building a company is painful and requires a lot of work. Many factors can go wrong, such as customers leaving, employees quitting, and market swings. That does not even account for all the ways personal and professional lives crash into one another when throwing yourself into a new business that you care about deeply.

As a result, many new entrepreneurs feel out of control when starting a new business. This can make it stressful and downright difficult to successfully run the company or see the point in doing so. Gain control of your business to avoid this phenomenon.

By identifying levers that need to be pulled, your company will start to run on its own and you will feel that you know what to do to get the outcome you want. As a result, you feel less out of control and more in control of your business.

## Wake Up And Start Living

When you identify which levers to pull and why, you can create a business that works. Instead of feeling out of control and chaotic from your new business, you get to wake up everyday telling yourself, "I can't believe I get to do this for living!"

After all, running a company can be one of the greatest experiences and privileges in life. In order to reap all the benefits and privileges, you must put in the hard work to create a plan that makes your vision a reality.

Whether you want to create a system free from injustice or have more time with your family while starting a new business, knowing the levers of control for your business is key for success. By following the guidelines described above, you'll be pulling levers and succeeding in no time!



**Amos Schwartzfarb** has been growing businesses for twenty-five years and investing in startups for the past ten. Since 1997, he's helped build companies that sold to Yahoo!, R.H. Donnelly, The Home Depot. He's also the bestselling author of *Sell More Faster.*

**Trevor Boehm** was a writer before finding his way into building companies. A serial founder, he has also invested in more than forty startups, many of those through Techstars' first Impact accelerator and as Managing Director of Alexa Next Stage, a program run with the Amazon Alexa Fund.

***Levers: The Framework for Building Repeatability into Your Business*** by Amos Schwartzfarb and Trevor Boehm. © 2021 by Amos Schwartzfarb & Trevor Boehm. Summarized by permission of the publisher, Lioncrest Publishing. 188 pages, ISBN 978-1544519807. Summary copyright © 2021 by Soundview Book Summaries ®

· Book 33 of 67 ·

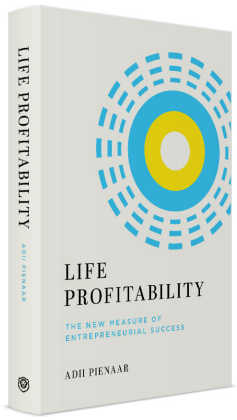
# Life Profitability

Adii Pienaar

soundview
Executive Book Summaries®

# Life Profitability

## The New Measure of Entrepreneurial Success




*by* **Adii Pienaar**

## Contents

Introduction
*Page 2*

When Business Consumes Us
*Page 2*

Lightening Your Load: Life Profitability Explained
*Page 3*

Life Profitable Values: The Priority of Others
*Page 3*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

***Life Profitability: The New Measure of Entrepreneurial Success,*** author Adii Pienaar encourages us to think about what success means to us. If you're an entrepreneur, this question is one you probably think about all the time, since you want your business to do well.

However, the book goes even deeper than that. It makes you question how you think of success. Sure, we all want to make money, but will that make you feel fulfilled and happy? The author wants us to think about our mindset and how we can be more self-aware.

In this book, you will find information on recognizing your values, being more aware of yourself, and learn to understand the impact your business has on others. From there, forming a more enriched life will be within your grasp. Overall, you will learn about building a business that is more sustainable, with happier employees and a better community.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to challenge the entrepreneurial archetype.
- What "life profitability" is and why it's important.
- How to make yourself your priority.
- Why your business shouldn't consume you.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • August 2021 • Order #43SS08A
Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

We open with the story of Neurosurgeon Paul Kalanithi. He was ambitious and very talented. He graduated with three degrees and graduated medical school as a cum laude. Paul worked on several scientific papers and publications, earning a great amount of recognition from his peers.

While Paul had accomplished much by his mid-thirties, he still had several life goals he wanted to complete. Paul wanted to write more creatively and become a father. However, he would receive a lung-cancer diagnosis and pass away a year later. During that year, he had a baby girl and completed writing a best-seller.

Many entrepreneurs see themselves in Paul. He worked hard and followed an ambitious path. This story helps us understand that we need to look outside of our work and see the rest of our lives. You don't want to ignore your other dreams or let business consume your life.

## When Business Consumes Us

Allowing your business to consume you is a very risky way to live. You don't want to put the rest of your life on hold- you might not have time to come back to it later. If you wait to start living, all those years are going to pass you by.

Getting your business started and putting time into it to be successful can easily consume your entire life. For many business owners, it can become an obsession. The managing never seems to stop- something always needs done.

However, as soon as you realize the challenges that come with being an entrepreneur never stop, your eyes open. You realize you have more freedoms and start investing time back into your life.

To do that, you will need to work on having a healthy work-life balance. This is something you will need to be aware of all the time. You will want to separate your work and home life as much as possible. Then, find ways to change your business.

You want to make it more life profitable- not just money profitable. This idea is known as life profitability. To determine whether your life is profitable, you want to think of how you are currently living. Can you spend time with your loved ones or are you always on your computer for work related reasons?

If it feels like your business is drowning you, then you don't have a good work-life balance. In those cases, you likely have more life losses than life profits. You will want to start making good changes now, as it can take a very long time to build up healthy business habits.

### From Life Losses to Life Profits

These losses can occur at any time. You will want to learn to track how much of your free time your business is leaking into.

Entrepreneurs spend so much of their time at work, leaving little time for the rest of their lives. If you run your own business, you are likely doing the same thing right now. You might be taking severe life losses such as missing sleep, exercise, or missing out on family dinners. You also probably anxiously await business calls while you're at home too.

However, there are better ways to live. You want to turn those life losses into profits. It takes a lot of hard work and a willingness to change, but is going to greatly improve your quality of life.

Life losses can occur at any time. Maybe you are trying to work while other, more important things are going on in your life. If you are eating as quickly as possible so you can run away from the dinner table, then you might need to evaluate your life losses. Wouldn't you rather talk with your family more before going to work?

You need to learn to make your business work for you- you shouldn't be making sacrifices for it. According to the book "Being an entrepreneur shouldn't overshadow everything. Being an entrepreneur is just one expression of life and creating a life-profitable business can generate not only financial wealth but a rich life."

Once you start making your business work for you, you will have time to follow all of your dreams now, instead of putting them off into the far future.

### Challenging the Entrepreneurial Archetype

Entrepreneurs believe in ambition. They think that it can make their lives better. The label usually comes with more freedom or so you think. You might be working eighty hour weeks now, with the expectation your life is going to change. All this effort for the promise that your life is going to get better- it comes at a huge cost and sacrifice.

Entrepreneurs think the world works in a straightforward way. In other words, most believe that "time is money". However, you shouldn't think that way. "You can't invest life and get it back later. It's not like money, where you can

trade it for marketing and then see it boomerang back, maybe even with extra money tagging along." You only have a certain amount of life, so don't trade it for business.

The entrepreneur archetype glorifies this way of thinking. It makes business owners believe that giving up their freedoms and sacrificing their lives now will be worth it in the future- it won't. If you are obsessed with your business, it's time to break the archetype before it completely consumes your life.

Overall, the entrepreneur archetype tells us we are supposed to suffer and remain dedicated to the business. It's all a gamble and you're betting with your life. If you are an entrepreneur, take a moment to step away from your business. Is your business turning a net life loss even when making money profits? Profits can not replace the lost life.

## Lightening Your Load: Life Profitability Explained

What is life profitability? This term refers to how much "life" you are allowing yourself to have while running your business. Are you putting too much into work while not paying attention to your own wants and needs? If that is the case, you don't have a life profitable business.

This type of lifestyle is frustrating and dysfunctional. You won't feel happy and all other aspects of your life outside of work will start to suffer. You want to learn to lighten the load- to stop nourishing the business beast that takes everything.

This is the time for self-reflection and thought. You want to find ways to nourish your life and enhance your life profitability. It doesn't matter if your business is making huge profits if you're miserable- you still won't feel successful.

The best way to get started increasing your life profitability is to start making time for yourself again- put yourself first! It's alright and will actually help you in both work and in life. Set aside one hour a day to have some positive time alone. You can meditate or read; anything that relaxes you and puts you in a healthy mindset.

Next, start practicing mindfulness. You will want to stay mindful of how you spend your time and how you treat others. Today, science is showing that mindfulness keeps us aware of the present and can help us make healthier habits.

So, if you want to increase your life profitability, start trying to live in the moment as much as possible. Meditation, journaling, and relaxing how you see fit are ways to stay mindful of the present.

Next, to increase your life profitability, start working on recognizing trip wires. When something makes you feel exhausted or burned out, start inspecting it. That way, you can recognize what wears you out in the future. Are you having enough downtime or taking care of yourself?

Overall, start lightening your load. Don't take on more than you need to and ensure that your life profitability stays up. If you can do those things, you are sure to feel much more successful in life and in your work.

### Gambling With Our Lives

Entrepreneurs are expected to trade their freedoms for their business. The business takes so much from you that you feel it pressuring you constantly- that is no way to live. You will need to learn to take a step back and spend time with yourself and family.

It can be very challenging to take a break from work. Often, you may feel your business demanding your attention when you are on a holiday or break. It makes it impossible to relax and step away when you need it.

When you aren't working, it probably feels like you are cheating on your business. It can take a very long time to learn to undo those feelings. However, putting sixty to eighty hours a week into your business is a hard gamble- will it be worth it later?

You are wagering your life, not money, in this gamble. That should make you feel pretty uncomfortable, as you can not get your life back. That's why it is so important to consider your life profitability as well.

That way, you can move on from gambling with your life and choose to use it as you see fit.

## Life Profitable Values: The Priority of Others

Next, you will need to learn how to promote life profitability in other people. There are people in your life who are important to you- you don't want the relationships to burn out as you throw your life into your work.

When you treat life like money, it will have an impact on everyone else in your life as well. You want to work on your life profitability, which promotes your realizing profits in life and in business. There are several ways that you can do this,

but start by putting others in your life first.

Realize now that money isn't everything. You want to work on building a human workplace culture and values for your business. You should also check in with others and yourself often. That way, you can determine if your life was profitable the past week.

### Increasing Your Life Profitability Quotient

To start increasing your life profitability, you need to make a business that supports your life, not a life that supports your business. As soon as you start getting things turned around, you will notice a major difference in your life.

Start by changing the way you view success. How do you define "success"? You will want to consider what matters the most to you first. For many, it's time with family and their loved ones.

Good distractions are an excellent way to start raising your life profitability quotient. You will want to work on yourself and participate in activities that you enjoy. For example, writing, reading, and running are all good distractions.

They don't pull you away from your business completely, but these activities still benefit your brand by helping you work on yourself. Exercise and reading are both activities that help keep your mind engaged, allowing you to be more productive and happy too.

Having these distractions means your business isn't the only outlet for your ambition. You can work on yourself and other things that you enjoy, bringing the most benefits back for yourself.

Additionally, to get the most out of your life profitability, you will want to know when to slow down and recharge. Growing and changing slowly is going to benefit you the most. When you take the time to slow down and focus on your life, the growth of your business will follow naturally- you don't have to feel like you're always forcing things along.

## Conclusion

Overall, your life profitability should be what you use to measure success- not the amount of revenue that your business is bringing in. You want to focus on the more important areas of your life, which will bring you more freedoms and happiness as you also grow your business.



An entrepreneur and founder of two global multimillion-dollar companies, **Adii Pienaar** prides himself on the commercial and life profitability of his businesses. Adii's personal journey enabled him to discover a rich, fulfilling life that coincides with a sustainable strategy for success in the workplace. His concept of life profitability is now gaining momentum in the business world. A native of South Africa, Adii lives in the winelands of Cape Town with his wife, Jeanne, and their two children.

***Life Profitability: The New Measure of Entrepreneurial Success*** by Adii Pienaar. © 2021 by Adii Pienaar. Summarized by permission of the publisher, Lioncrest Publishing.. 294 pages, ISBN 978-1544518527. Summary copyright © 2021 by Soundview Book Summaries ®

· Book 34 of 67 ·

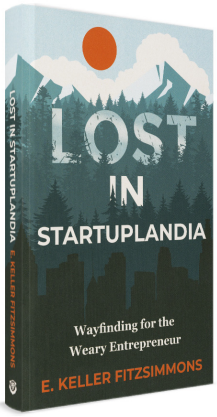
# Lost in Startuplandia

E. Keller Fitzsimmons

soundview
Executive Book Summaries®

# Lost in Startuplandia

## Wayfinding for the Weary Entrepreneur




*by* **E. Keller Fitzsimmons**

## Contents

Self-Awareness
*Page 2*

Sighting Your Summit
*Page 2*

Decision-Making
*Page 3*

Focus
*Page 3*

## THE SUMMARY IN BRIEF

If we believe every success story out of Silicon Valley, Startuplandia is a magical place where entrepreneurs' dreams come true. The roads are paved with gold with venture capitalists writing enormous checks based on napkin sketches. The companies in Startuplandia will make the world a better place. What we don't hear about are the failures.

In ***Lost in Startuplandia***, Fitzsimmons shares her hard-won lessons and those of several successful entrepreneurs. She says, "Every time we fail, it creates yet another opportunity for us to reflect and choose to do it differently in the future. Until we die, we have the opportunity to become better versions of ourselves. If all we did was win, we would have no incentive to learn. The lessons learned come down to one word: resilience. The worst bring out our best."

No one gets through Startuplandia without adversity. In the end, our destiny is neither fully determined nor completely random. By getting clear about what is in our control and then working from there, we prepare ourselves to take advantage of our good luck…whenever it comes around.

## IN THIS SUMMARY, YOU WILL LEARN:

- To examine yourself, revealing your right path
- That not every mountain is worth climbing
- Ways to create patterns of self-care
- Tools for decision-making and focus

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2019 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • October 2019 • Order #41SS10D
Sarah T. Dayton, Editor-in-Chief • Meghan Kozak, Director of Content • Kylie O'Connor, Graphic Designer

## Self-Awareness

From the moment we decide to become an entrepreneur, our vantage point determines the way we will experience our trials and triumphs. Everything starts and ends with how we see the world. Startups are a vehicle for self-discovery and personal transformation. Startups will change us. It is up to us to determine whether that change will be for the better.

One of the underrated upsides of failure is that it wakes us up. Failure lets us know—in explicit terms—how well we are performing. Unfortunately, research shows only one in ten of us is self-aware! That's a staggering delta between our collective overconfidence and reality. Most of us are unwilling to seek out constructive feedback. We would rather fly blind.

Awareness is the first step. But let's be clear, awareness is not the end goal. It is just the beginning.

### The Shadowlands

When we walk through the gate of Startuplandia, we meet ourselves—not just our best selves but our shadow selves as well. We bring our boogeymen with us.

### Failure

In Startuplandia, failure is synonymous with iteration. A failed iteration is something to celebrate, not curse. Once we declare failure, we have a choice—to fail open or closed. When we fail open, we are humbled by our experience but not devastated by it. We learn and grow from the experience.

When we fail closed, we blame everyone but ourselves. We had bad luck, bad timing, bad investors. We refuse to take responsibility for our mistakes. We entrench. Entrenchment is about ego protection. The key is to catch ourselves in the act, get curious, and shift into behavior that serves us and those around us.

### Your Startuplandia Team

Are you ready to tackle self-awareness? Start by asking carefully selected truth-tellers to reflect on your behavior. Set the parameters for their feedback. Then stay open to what they say. First, ask for one thing you could do to improve the quality of your interactions. Try phrases like "Could you tell me more?" As a rule, if it doesn't have a question mark at the end, don't say it. Thank them for their courage and take their comments under consideration.

Finally, be kind to yourself afterward. Not all the feedback received will be helpful or actionable. But much of the feedback will help you make progress in your journey.

## Sighting Your Summit

Too often, our first mountain is the wrong mountain. Just because we have the skills and desire to summit a mountain doesn't make the climb meaningful to others. The key is to align our passion and abilities with the needs of the world.

### Whole-hearted Wayfinding

When Fitzsimmons entered the information security market in 1996, she was passionate, inspired her father's entrepreneurial success. One of his company's (PMC) machines had been reverse-engineered by a South Korean company, and the ensuing patent fight had gone international. The bad news was that PMC's patents didn't hold up internationally. There wasn't a thing they could do about their machines being copied and sold. The good news was that the South Korean company failed to get their model to perform as well as PMC's. Without the actual specs in hand, the rival company's engineers were forced to guess at some of the critical calculations. Thankfully, they got them wrong.

Fitzsimmons realized that the theft of PMC's engineering blueprints was a possibility. That insight became the source of her security company, at the front of a new industry a year later. When we focus on the problems we care deeply about, our mission keeps us motivated through the difficult times.

### Finding Your Summit

- Finding your summit is more than looking for money or notoriety. You must determine your definition of success. Ask yourself these questions to see where land:
- If you could wave a magic wand, what activities would you love to do all the time? What activities would you like never to have to do again?
- What would you feel like if you could focus only on your favorite activities? Give two adjectives.
- Compensation: What are two ways that you like to be compensated that are not money or time? Qualities: what would you like people to say about you at your funeral? Name three qualities.

### Self-Belief

As our journey becomes increasingly difficult, we may find ourselves riddled with self-doubt. In Startuplandia, resilience is a requirement. We have to be able to weather the storms.

We have to have grit and determination. We want to be able to endure the worst and still come out intact—or even better for the experience. The cornerstone of resilience is self-belief. As Henry Ford put it, "Whether you think you can or you think you can't, you're right." Our beliefs about ourselves dictate what we are capable of learning.

### Ego

People often equate ego with positive self-belief, but they are not the same thing. Egoistic behavior is a cover for a lack of self-belief. It is like a blister. The ego creates a buffer between that injured sense of self and the outside world. To believe in ourselves is a radical proposition. We have to see the shame-mongers for what they are and believe in ourselves in spite of our culture of negativity. And it is why grounded self-belief is so rare.

### Telling a Better Story

We cannot avoid pain in life. Things will hurt, often badly. When bad things happen, it's easy to tell ourselves stories that hamstring our resilience. What we don't realize is that we are creating these stories. We think we are observing "reality." What we fail to see is that we are the author of our reality. When we wake up to our stories, we reclaim our power. We can shift our focus away from our wounded ego and wake up to the fact that our pain is shared with countless others. Our stories no longer serve to make us feel isolated and alone.

### Self-Care

The slightest advantage in Startuplandia can change the game. But we ignore the most important information source available: our bodies. And we ignore the source of strength that can come from our social connectedness.

### Brain

First, we have two brains—the one in our head and the other in our gut. The more we pay attention to signals from both brains, the better we sense our environment. The more we are in touch with our gut, its discomfort, and even pain signals, the more our intuition sharpens. How much of an advantage do you think you could get over your competition if you learned to think with two brains?

### Body

Second, a healthy body is a resilient body. We may not be able to control what we will encounter in Startuplandia, but we can control how well we are when we face that inevitable crisis. If we are taking good care of ourselves, we are well prepared for the physical endurance required to make it through. We can be assured of one thing here. It's highly unlikely that our competition is as fit and ready. With over one-third of our population dealing with obesity, Startuplandia is filled with overweight entrepreneurs guzzling Diet Cokes at their sticky keyboards.

### Social Connectedness

The right friends elevate our game. They make us ask harder questions of ourselves. They expect our honesty, both with them and ourselves. When we trip up, we can count on their support and a reality check. When we cultivate our circle of friends carefully and mindfully, our closest friends become our greatest resource. Beyond cultivating friendships, we need to take it a step further and cultivate truth-tellers, people not afraid to be honest with us and keep us accountable.

## Decision-Making

Startups depend on the power of good decision making, yet it's a skill most of us don't consciously develop.

### Decision Matrix

Of all leadership tools, the decision matrix is by far the most powerful. It uncovers unconscious assumptions and emotional drivers.

- Start with this question: Why do you need to make this decision right now? This unveils the tyranny of the urgent. It may be that this decision feels urgent but isn't actually a real crisis.
- Next, ask: What are the emotional drivers behind the decision? The trick here is never to take more than twenty minutes. It's easy to get bogged down and abandon the matrix. Keep it moving.
- Now ask: What is the decision, precisely? Handling the emotions first allows the decision to be framed in a precise way.

## Focus

Many entrepreneurs focus on the tasks in front of them and don't take the time to parse which ones have the most significant impact on their business.

### Micro-forcing Functions

Mark Twain once said, "Eat a frog. Eat a live frog first thing in the morning, and nothing worse will happen to you for the rest

of the day." Most of the time, we do not want to acknowledge the hardest task of the day, so we put it off and place it at the bottom of our "to-do" list. We prolong giving difficult feedback or asking investors for more money so our startup doesn't fail. We prolong the lead-up to the tough conversations, when it might have been less painful to eat the damn frog!

### Macro-forcing Functions

A macro-forcing function can be as simple as announcing a pool party a few months out to ensure that we are swimsuit-ready for summer. Forcing functions, whether deadlines or carefully engineered events, are critical to our success. It's one of the few tried-and-true ways to help us do the hardest things imaginable.

### Entrenchment

When we entrench, we are dug in, unaware, and perhaps uncaring about the consequences. We've likely lost our bearings and are harming ourselves, and possibly others, through our actions.

### Stop

If we suspect entrenchment, the first step is to stop. The key here is to avoid saying, "I'm stopping forever." It's more like, "I'm going to give it a week and see what is really going on." Stopping reveals our patterns and cravings. How dependent are we? If we are bad enough off with alcohol, for instance, we can experience delirium tremens, which occurs within the first three days of withdrawal and can last for the first week of sobriety. And alcohol is not the only addiction with a disturbing path to sobriety.

### Drop

The second step is to drop. Instead of falling to the floor—although that could very well happen—it's time to drop into our thinking. What is the mood behind our actions? What stories are we telling ourselves? Is our internal critic having a field day over our lack of perfection? To drop, we need to get curious about why we are doing some things. Getting sober requires social connectedness. Trying to go it alone is a recipe for failure. We need new friends. We have to realize that our surroundings enabled our addictions.

### Roll

We need to roll with the changes. Up until now, we may have used substances to celebrate our successes and pad our failures. We need to shift deep stories about our self-worth and how we are seen in the world. We have to wake up to the fact that we matter—truly make a difference in this world—just by being alive. No one, outside of us, can harm our self-belief unless we let them.

### Leaders of the Journey

At its core, entrepreneurship is a struggle against reality. Only the most resilient of us will flourish. To sustain us on our quest, we need to create a virtuous cycle that unlocks near-unlimited energy. The catalyst is self-awareness.

If there is one thing to take away from this book, it is that our perception of ourselves determines everything. It dictates the trials and tribulations we will face, governs our resilience, and determines how life will unfold for us.

In Startuplandia, where speed is everything, failure is a gift. When we use our pain as fodder for growth, we wake up to our incompetence and start on our way to mastery and wisdom. Eventually, we become a trusted leader on a worthy quest. We can help each other find our way through Startuplandia.



E. Keller Fitzsimmons is a serial tech entrepreneur, artist, and mother of two. She is the cofounder of Custom Reality Services, a virtual reality production company whose first two projects, Across the Line (2016) and Ashe '68 (2019), premiered at the Sundance Film Festival. Keller is the recipient of the Silvertip PwC Entrepreneurship Award and Speech Technology's Luminary Award.

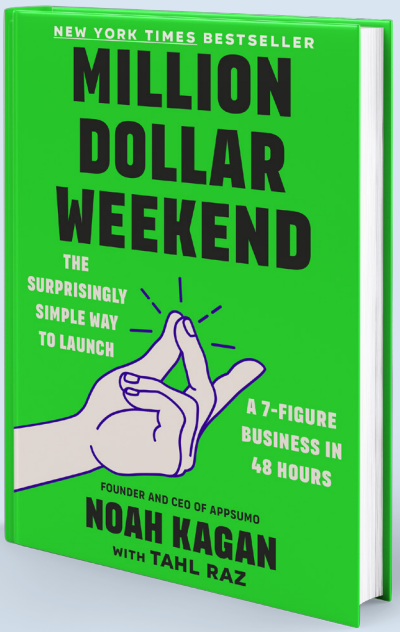
***Lost in Startuplandia: Wayfinding for the Weary Entrepreneur*** by E. Keller Fitzsimmons © 2019 E. Keller Fitzsimmons. Summarized by permission of the publisher, Lioncrest Publishing, 342 pages, ISBN 978-1544502854 Summary copyright © 2019 by Soundview Book Summaries®

· Book 35 of 67 ·

# Million Dollar Weekend

Noah Kagan

Book Snaps™
In-depth reviews of best-selling business books.




## Million Dollar Weekend

**The Surprisingly Simple Way to Launch a 7-Figure Business in 48 Hours**

*By Noah Kagan*

**Noah Kagan** is the Chief Sumo at AppSumo.com, an 8-figure company that teaches lessons on how to start a business, grow a business, and improve your marketing. Before AppSumo and Sumo.com, he was the 30th employee at Facebook reporting directly to Mark Zuckerberg where he helped build the Facebook Ads platform. After Facebook, he was the 4th employee at Mint.com.

*A Book Review by Soundview*

# Launch a Seven Figure Business in One Weekend

Noah Kagan believes he has a plan for helping people create hugely successful businesses in a short amount of time. He believes these businesses are best started right away, without delay. Otherwise people can waste time overthinking plans which decrease the likelihood that a would-be entrepreneur will ever actually launch their business. His aim in his book, ***Million Dollar Weekend: The Surprisingly Simple Way to Launch a 7-Figure Business in 48 Hours***, is to help overcome these hurdles and launch people on their way to business success. His book walks his readers through idea generation, quick idea testing, the initial launch, and the acquisition of paying customers. The main principle behind his book can be found in a quote from Buddha at the beginning of Part 1: "There are two mistakes one can make along the road to truth…not going all the way, and not starting." He attempts to help his reader overcome both of these challenges in his book that he wrote along with Tahl Raz.

## Start It

In his first section, "Start It," Kagan convinces his reader to jump right in to launching a business, and then he discusses the benefits and necessity of asking what you hope to receive. Kagan is not shy about the career failures and near misses that helped define much of his entrepreneurial career. The first of these failures came when he failed to get hired on by Microsoft after interning with them, and the second came as he had an offer rescinded from Google because of his math skills. He eventually landed a job with a then burgeoning Facebook, but he got fired, being called a liability for talking about issues he ought not have outside of the office. All of this led him to believe that he needed to learn to succeed as an entrepreneur on his own. These failures gave him the freedom to forge his own path.

Kagan began numerous ventures in an attempt to rehabilitate his own sense of worth after these failures. Eventually he heard about a new product, My Mint, that he believed would be a huge success, and despite having no real experience as a director of marketing, he was able to hustle his way into the position. Once

there, he succeeded in helping My Mint get a million users in its first six months, 100,000 of which he acquired before My Mint even launched. Kagan then spent his free time launching what would become Gambit, and by this point believed he had successfully developed a formula that could help launch 1 million dollar businesses in a weekend. He says that, "I was beginning to see that to live well as an entrepreneur, I just needed to stop thinking so much and go get busy. That meant starting small, starting fast, and not worrying about what I didn't know." This leads to what he calls the "NOW, Not How" habit.

Kagan believes that one way would-be entrepreneurs can motivate themselves at this early stage is to figure out what their freedom number is. A freedom number is simply a short term goal for how much revenue you want to take in monthly. Some people choose a number that can replace their monthly income while others start much smaller. The key is that the number is attainable and specific in order to help you begin the process of creating your business.

Kagan subtitles his second chapter, "Get a Gold Medal in Rejection," and in this chapter, he wants his reader to become comfortable with rejection because rejection means that they are asking for what they want and are pursuing it. He learned this lesson from his father who was a salesman. He would watch his father rack up rejection after rejection, and when he questions his father about how he can handle this, his father tells him that he sets a goal of getting 100 rejections every week because this number of rejections means that he will also get some people who will say yes. Kagan calls these rejection goals, and Kagan realized early on in life that "the upside of asking is unlimited and the downside is minimal." Most people, he maintains, simply do not ask for what it is that they want, and he thinks that this ask avoidance is the reason many people do not succeed in their ventures. He goes on further to explain his belief that most people who say no are merely saying, "not now," and he goes on to explain the value of persistence, saying "studies show that if you initially get a no, your follow-up ask is TWICE as likely to get a yes." He thinks this persistence is easier to achieve if you realize that you are attempting to help someone by selling them a product that will actually help them. Viewed in this way, "Selling is Helping."

## Build It

When it comes to building a business, Kagan insists that it is important first to make sure that there are actually enough customers to sell to in order to make the business the success you want it to be. He knows that customers care about solutions to their problems, not products, so a would-be business owner needs to make sure that their product is actually filling a real need. He gives a couple of tips for finding these solutions: one is to move an idea from one sector into another. A second tip is to search your own life for problems and then attempt to create a product that would solve this problem. He says, "Your job, as a Customer First entrepreneur, is to listen to the problem your customers want solved, create a solution to it, and validate that they'll pay for it." This Customer First mentality is different from what he calls the Founder First mentality in which entrepreneurs focus on what it is they want to sell rather than on what it is the customer wants to buy. He gives an example of a woman who took one of his classes who decided to launch a cookie business. She did not spend a lot of time developing a business plan and creating a minimally viable product. Instead, she made a post on her Facebook page asking if anybody wanted to purchase cookie baskets, and she learned that people did. This turned into a successful business for her. He calls approaches like this zero-risk because there is no large upfront investment. People simply ask if anybody wants their product, collect the money, and then produce the product.

When looking for customers, Kagan encourages his reader to look to their own zone of influence first, saying "seasoned entrepreneurs almost always find and create opportunities within the context of who they are, what they know, and especially who they know." Facebook started when Mark Zuckerberg emailed his friends asking them to try out his first version of Facebook. He encourages his readers to seek out problems and then determine what problems they can solve that they are also passionate about and that there is also a market for. People can also use search engine queries and existing marketplaces to find problems to solve. He encourages his reader to create a list of ten problems they could solve and then narrow it down to the top three to proceed with.

He then moves on to discuss how to find out if an idea is a million dollar idea. His reader can do this by asking themselves three questions:

1. "Is this a million-dollar opportunity?"
2. "What's my model?"
3. "What if it turns out it's not going to work?"

He encourages his reader to avoid trying to strum up demand and instead figure out what already is in demand. The best way to determine if there is demand is to first determine whether the existing market is "dying, flat, or growing." This can be done by looking at Google Trends as well as looking at Facebook ads to determine the size of the actual market out there. Then he encourages his reader to do the most basic of math to see if the potential for a million dollars is there. This can simply be done by taking the existing number of people in the market and multiplying it by the profit per product with your intended price, understanding that realistically a person will likely only sell to 5 or 10% of that market. If you determine that your market and price cannot reasonably land you in a million dollar profit range, he offers a number of solutions including changing the product or service's price and looking to more lucrative markets to pursue. Most successful businesses, Kagan maintains, have to make these pivots at times.

Kagan then gives his reader his "48-Hour Money Challenge" in which he challenges people to find three customers to spend money on their product or service within 48 hours. He finds this validation critical because many people may say they want a product, but then they become wary when they actually have to pay for it. This process can also help save time and money and

> *"One way to find three customers is through pre-selling. This is where you simply approach people and ask them to buy your product or service."*

provide an impetus to keep going. One way to find three customers is through pre-selling. This is where you simply approach people and ask them to buy your product or service. This is best done by creating a Dream Ten list consisting of those people most likely to become customers, and the best way to find this list is to start with the people you actually know. People can also check their Facebook groups, Linkedin Connections and other groups as well as people that they know. When approaching this list of ten people, he encourages his reader to first listen to what it is that their Dream Ten actually wants and how much they would be willing to pay for a solution. Next he suggests moving the conversation on to provide options that the person would be willing to pay for before transitioning to selling which can be as simple as saying, "For $50, I can do it today. Sound good?"

Kagan wants his reader to remember the value of rejection and encourages them to ask the potential customer why they are not interested if they say no and what could make the offer better. He also suggests asking them if they know of anybody else who might be interested. Validation can also happen over Marketplaces by offering a product or a service and seeing if people are interested in purchasing it as well as by setting up ads that lead viewers to a landing page where the product is offered. This last approach takes time and money, and if you choose to use this approach, Kagan recommends limiting the time you spend on it to forty-eight hours.

## Grow It

Kagan moves on to discuss social media and its importance in business. He believes that people want to do business with other people, with friends. Social media, therefore, is important because it consists of a group of people who already know you. For this reason, a smaller following of committed followers is more valuable than a higher number of people who do not pay much attention to your message. He explains how he raised $30,000 once in donations for a charity, and when he looked at the 102 people who donated, he knew most of them. This goes to prove that his huge audience was not the cause of donations it was his smaller circle of people he was more intimately connected with.

He then urges his reader to find their own unique angle, the thing that sets them apart from everybody else. This can be challenging, but it is a crucial step. Once your unique angle is found, it is then important to figure out what social media platform or platforms you will use. These can include Instagram, blogging, podcasting, or any other of a number of social media platforms. Different platforms will work better for different people and products. Once an angle or a platform is determined, he encourages his reader to instantly update their biography on that platform to explain how they can help those who view their profile. Kagan maintains that people want to be guided, not lectured at. Because of this, he encourages his reader to tell their audience what works for them instead of directly telling them what they should do.

A main benefit of social media is that it can lead to the development of an email list which can be hugely profitable. He maintains that "Email is the king and queen of communicating with customers." This is because with an email list, you are not beholden to algorithms created by other platforms. You can reach your reader directly. He believes in the importance of developing an email list at the outset of a venture and maintains that most people regret not starting one sooner. It is best to create an email list by first creating a landing page. A landing page is simply a place on the web where people can go to sign up for your email list. This does not need to be complicated. He says, "All you need your website to do is to communicate a value proposition and provide a way to capture emails."

To find their first ten email subscribers, Kagan encourages his readers to go to their Dream Ten, people they already know. To then get to fifty subscribers, he suggests promoting it whenever possible including in email signatures as well as in profiles on social media. Then to get to 100 subscribers, he encourages people to post their landing page wherever "you already have a social presence," including Facebook, YouTube, and Reddit or any other social media channels you use. He also recommends using a Lead Magnet to get more addresses. A lead magnet is something you give to your subscriber in return for signing up for your email list. It does not need to be elaborate. He recommends his reader spend no more than two hours creating their first lead magnet. People are more likely to open up their first emails than later ones, so he recommends setting up an autoresponder to automatically email anybody who signs up for your email list. He sends out a welcome email and then a connections email where he asks his subscriber to follow him on social media, and then he sends out a content email giving them a valuable piece of content.

Kagan the moves on to marketing. He shares a number of considerations for his reader to think of when creating a marketing plan. First, he wants his reader to come up with a specific goal. He explains that when he worked for Facebook, he proposed an idea to Mark Zuckerburg. Zuckerburg turned it down because it did not help him get to his goal of one billion users. He was set on that number. A specific goal can keep you on track. Next, he encourages his reader to use an experimental approach to marketing, trying out different approaches and seeing what works best, rejecting what does not work. It is important to start with the goal in mind and then work backwards to make that

goal a reality. Kagan says, "You never know what's going to work when it comes to marketing."

Then it is time to look to customers in order to determine who the ideal customer is. This can be done by looking to see what current customers have in common and then trying to reach more like minded people. Then he suggests creating a list of ways to reach these people while considering the anticipated number of sales per method. It is important to double down on what works and abandon what does not. He believes thirty days is sufficient to determine whether a marketing experiment is successful. Finally, he recommends finding ways to make current customers happy because they will be more likely to refer your business to others as well as to buy from you in the future.

Kagan ends his book discussing the importance of living life on one's own terms. He found himself, at one point, in tears in a meeting because his life did not look like what he wanted it to look even though he had created a successful company where he was in charge. This professional success did not automatically buy him the freedom he sought and that he believes most entrepreneurs seek. To avoid falling into the same trap, Kagan recommends his readers create a list of their ideal year, everything they would like to do and accomplish in that year. He then suggests they take the most important points on that list and break it into different categories. These categories help to ensure a well rounded life that is not just focused on work or health or any other category that is important but not wholly sufficient. Then he recommends his reader pursue each of those categories each week to ensure a well-rounded life. At the end of the week, people can highlight each category with its own color to ensure that time is spent working in all areas of import. An accountability buddy can also help with this.

Noah Kagan, along with Tahl Raz wrote Million Dollar Weekend: The Surprisingly Simple Way to Launch a 7-Figure Business in 48 Hours in order to help readers follow Kagan's plan to successfully launch a million dollar business in a weekend. He maintains an insistence on expediency throughout this book so that readers do not get caught up in details that ultimately prohibit the launch of their ideas. This is where he believes many people fail. The book is peppered with challenges throughout to help readers start on their own path to success. In addition, Kagan includes references to successful businesses that followed this plan, culminating in both a practical, inspirational book that can help readers achieve the lives they desire.

*Book Snaps*™ is a publication of Soundview Executive Book Summaries® ©2024 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited. FBR0624B

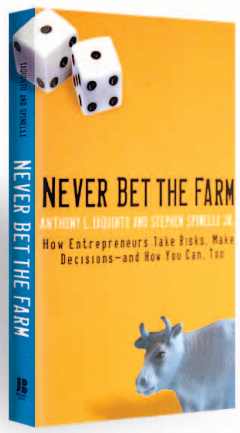
· Book 36 of 67 ·

# Never Bet The Farm

Anthony L. Iaquinto and Stephen Spinelli Jr.

SOUNDVIEW Executive Book Summaries®

FILE: MARKETING




## How Entrepreneurs Take Risks, Make Decisions – and How You Can, Too

# NEVER BET THE FARM

By Anthony L. Iaquinto and Stephen Spinelli Jr.

## CONTENTS

**Entrepreneurship Is a Career**
*Page 2*

**Successful Entrepreneurs are Just Like You**
*Pages 2, 3*

**No Secrets to Success**
*Page 3*

**Luck Is Part of the Equation**
*Page 3*

**Never Reach for a Gallon**
*Page 3*

**It Shouldn't Only Be About Money**
*Pages 3, 4*

**Never Bet the Farm**
*Pages 4, 5*

**Don't Spend a Dollar**
*Page 5*

**Always Tap a Bridge**
*Pages 5, 6*

**Only Fools Fly Without a Net**
*Page 6*

**Connect But Protect**
*Pages 6, 7*

**Plan a Timely Exit**
*Pages 7, 8*

## THE SUMMARY IN BRIEF

Never Bet the Farm *is designed to help you prepare for setbacks by providing you with a framework that can help you reduce risks and simplify decision-making. This easily understandable book begins with an acknowledgement that the vast majority of new businesses will not meet their founders' expectations, even when the financing becomes deeper, the attitudes more positive and the planning more sophisticated. It also acknowledges that experiencing a bankruptcy does not mean that you have failed. The winners are those who can keep themselves in the game for another shot at success. Entrepreneurs should prepare for misfortune because the preparation could limit the costs of – and probably prevent – the very thing we fear most: business failure.*

Never Bet the Farm *is an easy-to-understand and attractive tool for anyone who has business ideas: office workers, homemakers, mechanics, engineers, bartenders and business school students. It's designed for entrepreneurs who understand that despite all the skills, resources, planning, and positive thinking they can muster, success may not come the first time around.*

*What you will learn in this summary:*

- ✓ ***How two leading entrepreneurs, Anthony Iaquinto and Stephen Spinelli, turn much of the so-called expert advice for entrepreneurs on its head.***
- ✓ ***That by preparing for setbacks and using a framework that can help reduce risks and simplify decision-making, entrepreneurs can increase their probability for success.***
- ✓ ***There is not an ideal entrepreneurial "type," and that luck can be as important as a business plan in many enterprises.***
- ✓ ***That entrepreneurship is a career, not a one-time event, and winners are those who can keep themselves in the game.***
- ✓ ***There are easy-to-understand and attractive tools for anyone who has a business idea, but who might be wary of the risks implied in starting their own business.***

Published by Soundview Executive Book Summaries, P.O. Box 1053, Concordville, PA 19331 USA
© 2006 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.

# NEVER BET THE FARM

**By Anthony L. Iaquinto and Stephen Spinelli Jr.**

## — THE *COMPLETE* SUMMARY

## PART ONE — DEVELOPING THE CORRECT FRAME OF MIND

To be a successful entrepreneur requires the correct frame of mind, which involves confidence in one's ideas, the courage to take the plunge and the willingness to work hard. It also includes several notions not usually touted by other coaches, such as these: *Entrepreneurship is a career* and *Luck is part of the equation.* Developing the correct attitude prepares businesspeople mentally. The first seven principles itemized in *Never Bet the Farm* deal with this concept. ■

## Principle #1: Entrepreneurship Is a Career

Many of us believe that entrepreneurship means starting your own business. But that is emphasizing a single task instead of focusing on the bigger picture – much like describing acting as reading a script or engineering as building something.

By viewing entrepreneurship as a career, you can more easily accept the notion that if you experience a bankruptcy, you have not failed as an entrepreneur and that by preparing in advance for such a setback, you can retain enough strength and resources for a second chance.

According to biographer George Mair, Oprah Winfrey suffered a major setback in 1976 that nearly ruined her career. After only nine months behind the desk, she was unceremoniously yanked off the air. But after the arrival of a new station manager, Oprah was offered the opportunity to co-host a morning talk-interview show. It turned out to be the perfect assignment. ■

## Principle #2: Successful Entrepreneurs are Just Like You

Several noted management gurus, such as Henry Mintzberg of Canada's prestigious McGill University, convincingly argue that there is no such thing as the ideal entrepreneur – that entrepreneurs display a diverse range of personality traits – in short, entrepreneurs are no different from the rest of us.

Richard Branson of Virgin has a deathly fear of public speaking. Sam Walton (Wal-Mart) claimed he was not a very organized person and rarely kept to a schedule. Famous trial lawyer Clarence Darrow lightheartedly reflected during an interview on what he believed were the ideal traits of successful people. The interviewer said that most of the men he spoke to attributed their

*(continued on page 3)*

### S.O.S. Origins

In his book *Extraordinary Origins of Everyday Things,* Charles Panati (1987) points out that Edward W. Cox was barely squeaking out a living as a door-to-door cookware salesman , so he needed a gimmick. Cox realized that one of housewives' biggest complaints was the way food stuck to pans. So in his own kitchen, Cox developed a steel wool pad saturated with dried soap. He soon discovered that his pads were much more popular than his cookware. Seizing on his lucky break, Cox stopped peddling cookware and went into the business of manufacturing soap pads. He named his products S.O.S. Pads.

**The authors:** Anthony L. Iaquinto received his Ph.D. from Columbia University and spent 15 years as an educator and entrepreneur in Japan. He started three businesses, including a language school and two restaurants. Stephen Spinelli Jr. is a co-founder of Jiffy Lube International. He is currently vice provost at Babson College and holds the John H. Muller Jr. Chair in Entrepreneurship.

*Never Bet the Farm* by Anthony L. Iaquinto and Stephen Spinelli Jr. Copyright 2006 by John Wiley & Sons, Inc. Summarized by permission of the publisher, John Wiley & Sons, Inc. 212 pages. $19.95. ISBN 0-7879-8366-7.

Summary Copyright 2006 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY, 1-610-558-9495.

**For additional information on the authors, go to: http://my.summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions: $209 per year in the United States, Canada and Mexico, and $295 to all other countries. Periodicals postage paid at Concordville, Pa., and additional offices.

**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2006 by Soundview Executive Book Summaries.

**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Soundview Executive Book Summaries®**

DEBRA A. DEPRINZIO – *Senior Graphic Designer*
BERNARD F. SHIRE – *Contributing Editor*
LINDA GROSS – *Editor in Chief*
REBECCA S. CLEMENT – *Publisher*

### Principle #2: Successful Entrepreneurs are Just Like You

*(continued from page 2)*

success to hard work. Darrow replied he was brought up on a farm, left the farm, never to return, and hasn't done a day of hard work since.

However, extremes of personality traits can be problematic. Perfectionism is the enemy of the entrepreneur. The time and cost implications of attaining perfection invariably result in the opportunity window's being slammed shut by a more decisive or nimble competitor or disappearing altogether by a leapfrog in technology.

Exhibiting traits in moderation is the key to success. Any average person would have the same, if not a better, chance to be a successful entrepreneur as a wunderkind role model presented in the media. ■

## Principle #3: There Are No Secrets to Success

Decades of research have yet to find a set of universal secrets to building a sustainable business. Although patterns sometimes appear in business venturing, each business opportunity is unique. And that mystery is the heart of entrepreneurship.

It's good news for those of us who view entrepreneurship as a career because the resources, experiences, skills and decisions that you applied to a failed business may be just what you need for your next venture.

Many years ago, William Durant's boundless optimism and wheeling and dealing in the markets were seen to have given him an edge in propelling General Motors past Ford Motors as the world's largest automaker. Yet those same factors are cited as the reasons he later fell short as founder and CEO of Durant Motors.

Remember, there are no secrets to success. The resources, experiences, skills and decisions that you applied to a failed business may be just what you need to succeed in your next venture. ■

## Principle #4: Luck Is Part of the Equation

It's been nearly taboo to suggest that good luck plays an important role in one's march to success, and anyone who believes that bad luck had a role in a venture's demise is immediately branded a loser. But luck has always been – and will always be – a part of the equation.

Good luck for entrepreneurs can come in the form of good timing, a chance meeting, a fortunate find or a sudden, favorable change in consumer tastes or technology. Bad luck can come through an economic recession, the death or illness of a key client or partner, a natural disaster, or unfavorable changes in technology or customer tastes. What separates winners from losers is the ability to recognize events as good or bad luck, and to possess the will and ability to act on them.

Essentially, luck plays a role in your success, and what's important is your ability to recognize events as good or bad luck, and then have the ability and willingness to act to increase the probability of success. ■

## Principle #5: Never Reach for a Gallon When You Only Need a Quart

Many business writers assert that only by reaching for the stars can an entrepreneur achieve financial independence and happiness, but we argue that setting more reasonable goals can give you greater satisfaction and significantly increase your chances for success.

The quest for wealth may not be as fulfilling as you expect. A research project by economist Richard Easterlin at the University of Southern California found that after a certain point, increases in wealth improve your happiness only briefly. The excitement of riches wears off, and there's always someone who has more. Another reason for less satisfaction is that just like in a lottery, only a very small percentage of those who try will ever hit the jackpot. These results suggest that you should only strive to reach a point where additional wealth will no longer provide you with any psychological or emotional benefits. The most important reason for not encouraging you to aspire to great wealth is the increased risks involved in such a goal: the bigger your aspirations, the bigger the risks necessary to accomplish them. ■

## Principle #6: It Shouldn't Only Be About Money

What role should money play? Unlike nonentrepreneurial careers, profit seeking must be an important goal for any venture. However, business opportunities should not be evaluated solely on their potential to make money.

If your business succeeds in accomplishing some of your life goals, even if it is not financially successful, the experience can still be considered a positive one, and claiming even a modest victory can go a long way towards buoying your spirits.

Caution: Make sure you understand the difference between a venture that serves many goals and a venture that is pursuing many goals. While the former can be a way to sustain your career as an entrepreneur, the latter

*(continued on page 4)*

## Goals a Business Venture Can Fulfill:

- ✓ A lifelong dream
- ✓ A need for a challenge
- ✓ A desire for financial independence
- ✓ A need to contribute to your community
- ✓ A wish to expand your social network
- ✓ A desire to do something exciting
- ✓ A sense of pride and accomplishment
- ✓ A longing to do something you love
- ✓ A desire to do something worthwhile
- ✓ A need to expand your business network
- ✓ A need for business experience
- ✓ A hope of building a foundation for others

### Principle #6: It Shouldn't Only Be About Money

*(continued from page 3)*

is a much more destructive path, especially if the goals pursued are in conflict. For example, it's difficult for any venture to simultaneously pursue goals of high growth and high profitability. ■

## Principle #7: Embrace Fear

Michael Dell admitted that at one point, he feared he was in way over his head. You should never get comfortable with fear, nor should you try to conquer or ignore it. Fear is a natural reaction that you should embrace, incorporating it in to your decision making and planning. Fear is the greatest of motivators. It puts an edge on things, and when you're on edge, you work harder.

Fear is also a natural defense mechanism, part of your survival instinct. Fear enables you to keep a heightened sense of awareness of the environment, and to reduce the probability of being blindsided by a new competitor or a new technology.

- **Every entrepreneur experiences fear.**
- **You should embrace fear because it is the greatest of motivators, and a natural defense mechanism.**
- **Your fears should be incorporated into your decision-making process.**
- **Fear motivates more finely tuned action.**

The next set of principles help simplify your decision-making and increase the chances that your venture will succeed, while positioning you for a second chance, in case your venture doesn't perform as hoped. ■

# PART TWO — MAKING THE RIGHT DECISIONS

## Principle #8: Never Bet the Farm

It's always been easy for motivational speakers to urge others to take big risks. After all, it's not their money. But for every person who risked everything and won, there are thousands who risked everything and got their butts kicked.

Any entrepreneur must take some risks, but taking great risks alone doesn't indicate entrepreneurial competence. Successful entrepreneurs are risk managers, not risk takers. In other words, your risks should be carefully measured against your goals, personality, experience, the nature of the opportunity and the type of venture.

### *Four simple rules to shape your business idea:*

**1. Straightforward ideas are less risky than novel ones.** Conventional ideas are less risky than radical ones, where so much more can go awry. Michael Dell rejected revolutionary product advances in favor of incremental ones because he believed the former entailed significantly greater risks.

**2. Even a well-traveled road has surprises.**

**3. Great ideas are often low-tech.**

**4. The execution of an idea is more important than the idea itself.**

### *Straightforward Ideas Are Less Risky*

One of the biggest misconceptions about a new venture is that it must be significantly different from current ventures in order to succeed. However, history has shown that incremental advances have a greater chance of success.

Conventional ideas are indeed less risky than radical ones, where so much is on the line. Management guru Henry Mintzberg proposes that a novel idea requires a greater investment of time, energy and money to build an organization complex enough to handle its mission, as well as exceptional management skills to attract and balance the interests of investors, suppliers, customers and employees to the unusual vision. However, it is incredibly risky to pursue such a strategy.

### *Even a Well-Traveled Road Has Surprises*

The main reason to look for opportunities on a well-worn path is that the chances of success are considerably greater.

The restaurant business is perhaps one of our oldest industries, yet there's always a new category that shows significant growth potential. Past successes included the diner, drive-ins, fast food and pizza delivery. In America, the latest craze is for fast, fresh and affordable Asian food.

*(continued on page 5)*

## Principle #8: Never Bet the Farm

*(continued from page 4)*

While Yahoo and other search engines clutter their home pages with news headlines, stock quotes and sports scores, Sergey Brin and Larry Page set up Google with nothing more than a search box and logo.

- **Great ideas are often low-tech.**
- **The execution of an idea is more important than the idea itself.** ■

# Principle #9: Don't Spend a Dollar When a Dime Will Do

Starting smaller is a slower path, but it's also a safer way of building both a sustainable business and a long career as an entrepreneur. Plenty of well-known companies have started small. Space inside Kinko's first store was reportedly so tight that founder Paul Orfalea had to roll the copier outside to make room for customers. Ben Cohen and Jerry Greenfield delivered pints of their ice cream to local grocery stores in a beat-up VW Squareback wagon.

### *How Starting Small Can Help You Succeed*

1. **It can limit the size of your mistakes.**
2. **Starting small will force you to learn resource parsimony – preventing inefficiencies from entering your operation.**
3. **It can give you a competitive advantage.**
4. **Your lack of funds may force you to redirect your venture in a positive direction.**
5. **It allows you to maintain a higher percentage of ownership.**
6. **It will keep shut-down costs low.**

You must convince yourself you can do more with less, be willing to scrounge, beg, barter or trade to get space, materials, equipment or services.

**Getting Space:** At the beginning, you should acquire prime real estate only when it is essential to the business model, not to support your ego.

**Getting Machinery and Equipment:** Instead of buying new, see what you can find at a discounter, second-hand shop, flea market or rummage sale. Examine carefully whether you really need specific equipment, then decide whether to buy or lease.

**Marketing:** Many very successful Web sites have found nontraditional marketing approaches to be highly effective. If more traditional marketing is needed, try to cut expenses as much as possible. You should be constantly thinking about no-cost ways to market your company.

**Controlling Expenses:** Fly only coach, stay at budget hotels and rent only compact cars. Sam Walton controlled expenses by instituting a rule that expenses should never exceed one percent of the company's purchases.

**Finding Initial Capital:** There are several rules to follow when gathering initial capital for your venture. Here are three:

1. Dip only modestly into your nest egg.
2. Debt is a common source of capital for many companies.
3. If you need to borrow a small amount of money, try not to get it from friends or family members because there would be too much emotion tied up in the money.

### *Why Incubators are for Chickens:*

Business incubators have been around for a long time. They can be a good resource for entrepreneurs with little experience and even less funding, but there are several reasons you shouldn't rush into one:

- They have poor track records.
- They lead to a tendency to rush things.
- They may or may not be a money-saving option.
- They are of questionable quality.
- They may be distracting.
- They may lull you into a false sense of accomplishment.
- They may give the wrong impression. ■

## Entrepreneurial Failures

Joseph Gayetty produced the first commercially packaged toilet paper in 1857, but his product failed because the majority of Americans at the time would not spend money on perfectly clean paper when their bathrooms and outhouses were fully stocked with yesterday's newspapers.

In 1914, a company founded by Josephine Cochrane developed the first automatic dishwashing machine. This too failed, partly due to technical problems; most homes in America did not have enough hot water to operate the machines. But they were also surprised to discover that, unlike their other chores, women of that time really enjoyed doing the dishes.

For additional information on dealing with the system, go to: http://my.summary.com

# Principle #10: Always Tap a Bridge Before Crossing

Some people believe that speed is the key to business success because those who move slowly are doomed to

*(continued on page 6)*

## Principle #10: Always Tap a Bridge

*(continued from page 5)*

failure. Prudence is an essential principle for anyone who envisions entrepreneurship as a career. Becoming prudent is a process with five basic rules:

**1. Never assume any venture is a sure thing.** No matter now infallible an idea appears, always take time to make certain it is what it seems to be.

**2. Let someone else be the pioneer.** Entrepreneurs hurry to open a business because they believe if they're not first to market, they'll miss their big opportunity. This strategy works better in theory than in practice.

**3. Make sure the market is ready for your idea.**

**4. Make sure your product and organization are ready before you start.** The simple assessment of the "right" time is when you are confident you will deliver the value you promised to the customer.

**5. Grow no faster than your organization can handle.** It is exactly when business is booming that a lot of young companies get into trouble. Growing too fast puts a lot of pressure on both your logistics and the quality of your customer service.

### *Benefits of Being Prudent*

- You can further test your business model and gain a clearer idea of what does and does not work.
- You can build the management, information and distribution systems that can support faster-paced growth in the future.
- Increased customer retention.
- Higher employee morale.
- Disarmed competition.
- Minimized financial risk.

### *How to Make Your Company Prudent*

- Question everything.
- Do your homework.
- Write things down. ■

# Principle #11: Only Fools Fly Without a Net

Surprisingly, this topic rarely appears in business literature. When it does, it tends to be adjunct to one's strategy, not an intimate part of it. Worse yet, it is sometimes derided as defeatism. But many well-respected entrepreneurs have admitted to having a backup plan when they started their business venture.

### *What a Good Backup Plan Should Do*

1. The plan should provide you with emotional, intellectual and financial support during the aftermath of a failed venture.

2. A good backup plan should provide you a base from which to launch your next venture.

3. A good backup plan should make it easier for you to reenter the marketplace.

### *Four Generic Backup Plans*

**1. The Weekend Entrepreneur** – The most common backup plan is to keep your day job and find a way to fit the new business venture into your work schedule. One way to do that is to become a weekend entrepreneur. These individuals continue in their regular jobs and use their weekends to search for opportunities, develop and test their ideas, set up their operations and build a customer base.

**2. The Active Supporter** – The active supporter is a backup plan for entrepreneurs starting a venture with a partner. With this approach, one partner quits her job to work on the venture full time, while the other partner continues to work at his job.

**3. Tag Team** – Partners in a business venture can also follow a Tag Team approach – a suitable option when both partners are able and willing to work part time. With this plan, the partners work alternate periods – days or weeks – on their job and on their venture.

**4. The Silent Sponsor** – Like a silent partner, a silent sponsor does not play a role in managing the venture. But the silent sponsor receives an equity share by providing support to the entrepreneur rather than by investing directly in the venture. ■

# Principle #12: Connect but Protect

Like it or not, networking is something that every entrepreneur must do. Building a strong network of family, friends and business associates can give you a competitive advantage.

**1. What a good network should do for you:** It can help you discover potential business opportunities, be used as a sounding board for your ideas, provide you with potential resources, financial, human and intellectual, introduce you to potential partners, suppliers and customers, be a useful source of professional expertise, assist you with securing space and equipment, and give you support if things don't go according to plan.

**2. What you should do for your network:** The best networks are those whose "members" try to give to the network more than they take. The spiraling benefits can be incredible.

**3. How to evaluate your network:** Ask yourself these four questions: 1. How extensive is my network? 2. How accessible is my network? 3. What is the cost of

*(continued on page 7)*

## Principle #12: Connect But Protect

*(continued from page 6)*

maintaining my network? 4. How reliable is my network?

**4. How to build your network:** To do this, you should be aggressive. Don't accept everyone. Learn where to look.

**5. How to protect yourself from your own network:** Protect your ideas, avoid abusing what legally belongs to someone else, write and review contacts and help resolve disputes among partners. Also, don't place blind trust in anyone, get all deals in writing and maintain some separation. ■

For additional information on how networks provide you with additional resources, go to: http://my.summary.com

# Principle #13: Buddy Up

Despite appearances, most successful business ventures cannot be attributed to the vision or actions of a single individual. Consider these three questions:

### *1. Why is a partner needed? Here are some benefits of partnership:*

- A partner can share the risks.
- A partner can provide encouragement and support.
- Nobody can do all the work single-handedly.
- Two heads are better than one.
- There is a multiplier effect in networking.
- Partnerships give legitimacy to the venture.

### *2. Who should be a partner?*

- Don't pick someone just because they are available.
- Partners should complement you in terms of skills, experiences and knowledge.
- Partners should share your vision.
- Partners should share your willingness to "play the gray" (see Principle #14).

### *3. Why is it important to reach a consensus?*

Three areas that consistently cause partnership problems in a business venture involve the following:

- **Definition of roles** – Sitting down and coming to agreement on partner roles is difficult because delegation often entails sensitive issues that people fear will ruin their fledgling start-up before it has a chance to succeed.
- **Decision-making authority** – It is more valuable to see consensus being made up of some permutation of agreement, understanding and acceptance, which means there are a wide range of consensus scenarios possible.
- **Allocation of resources** – The person charged with making a decision about the business should have either the authority to allocate resources or a clear process to make that happen. ■

# Principle #14: Learn to Play the Gray

Most successful entrepreneurs have learned to "play the gray," that is, they don't blatantly break rules, but they know how to maneuver inside that expansive gray area that separates the clearly established rules from the clearly unethical. Opportunities to bend the rules usually occur in these four areas:

**1. Dealing with the system.**
**2. Building an image.**
**3. Closing the deal.**
**4. Being opportunistic.**

- Dealing with the system – it is often unavoidable – and even preferable – to bend the rules when dealing with rigid bureaucracies, be they local government agencies, property management companies or even suppliers.
- Building an image – Entrepreneurs may find it necessary or expedient to tell an occasional half-truth in order to build their company's image. When Brian Maxwell promoted his new high-energy snack, the PowerBar, at San Francisco sports events, he wanted to make his company appear bigger than it was, so he painted a 7 on one side of the company van and an 11 on the other side to make it appear to be a fleet, rather than just one vehicle.
- Closing deals – Closing is an art form, so some people are better at it than others. Sometimes it might be necessary to overstate one's position in order to make the sale, such as the pivotal moment Bill Gates convinced IBM that Microsoft should be the one to supply Big Blue with an operating system, when technically speaking, his company had no operating system to sell at the time.
- Being opportunistic – Successful entrepreneurs have a knack for opportunism, recognizing an opportunity and using a little creativity or chutzpah to profit from it. ■

# Principle #15: Plan a Timely Exit

One of the most difficult aspects of entrepreneurship is developing the willingness and ability to get out in a timely manner – a decision that often involves even more emotion than the one to start a business. It is a rare business owner who can make a rational decision concerning the timing of his exit, but this decision can

*(continued on page 8)*

## Principle #15: Plan a Timely Exit

*(continued from page 7)*

determine not only whether there will be another chance at entrepreneurial success, but whether the next chapter of the founder's life will be filled with excitement and hope, or sorrow and regret.

There are two distinct periods when one must consider stopping a venture:

1. Before it begins
2. After it starts

### *Stopping Before It Begins*

As you do your homework, work on your business plan and make other preparations, one of three things can happen: (1) You decide your idea is viable; (2) You decide it isn't, or; (3) You decide the idea looks promising – for someone else.

Even if the venture makes economic sense but you find you do not feel passionate about it, you should still abandon it. Continuing to pursue a project solely through pride, impatience or sunk cost is one of the biggest mistakes you can make. Don't let the dream of running your own business make you blind to better alternatives.

### *Getting Out After It Starts*

If your venture is making only a modest profit, you must ask yourself: How long do I continue in my venture? Sometimes, if other opportunities appear, such as a job offer or a new business idea, the answer is relatively straightforward.

On the other hand, the decision would be more difficult if your current venture is fulfilling most of your life goals, while a better-paying salaried position would not. In most situations, much of what determines whether your venture should be shut down or not is personal choice.

Even if your company is highly profitable, you may need to consider an exit if you can see disaster on the horizon in the form of unfavorable changes in government regulations, technology or consumer tastes.

If both your profit-and-loss statement and your balance sheet look grim, it doesn't mean your company is failing. Business ventures often go through dark times during their early stages. Ask two important questions:

**1. Can changes be made?**

**2. Will these changes lead to a significant increase in performance?**

If you can confidently answer "yes" to each of those questions, then you can define your venture as still having potential. However, if the red ink continues to flow after the changes have been made, then you must ask: How much money am I willing to lose? If your venture starts to drain cash from your personal finances, then it is time to seriously consider shutting it down, as the longer you wait, the fewer resources you will have to make a quick recovery.

Unfortunately, when businesses go south, too many entrepreneurs remain in a state of denial.

They refuse either to recognize or to admit that their venture is failing, they make themselves believe that each new day will be different from the rest. But most often, each new day does not produce what these entrepreneurs so earnestly and desperately work to achieve. They hang on because they have projected too much of themselves into their project, so it's as if, by killing their business, they are committing suicide.

To make a timely exit, you must maintain some separation between you and your business. Try to salvage as much as you can before it is too late.

It is illogical to fight to the death; by doing so, you waste valuable effort and resources.

If you have the ability and willingness to executive a timely exit, that will be crucial for you to get a second chance at success. ■

### SOUNDVIEW RECOMMENDED READING LIST

**If you liked *Never Bet the Farm*, you'll also like:**

1. ***If at First You Don't Succeed*** **by Brent Bowers.** Real life illustrations are comprehensively organized in order to solve the riddle of entrepreneurship.
2. ***The Business Guide to Legal Literacy*** **by Hanna Hasl-Kelchner.** Hasl-Kelchner provides a clear roadmap for business people to understand how to do the right thing, preserving the relationship between business and the law.
3. ***How to Start and Run Your Own Corporation*** **by Peter I. Hupalo.** Hupalo begins where many incorporation books leave off. He teaches the basics of corporate business structure.
4. ***Small C and S Corporations*** **edited by Holmes F. Crouch and Irma J. Crouch.** Learn how to emerge from IRS suspicions of improper personal gains when conducting businesses as private entities.
5. ***What No One Ever Tells You About Starting Your Own Business*** **by Jan Norman.** Norman provides an updated picture of the trials and triumphs of today's entrepreneur.

# Final Words

What separates winners from losers is not bankruptcy (many entrepreneurs experience such a catastrophe or something just short of bankruptcy) but the ability that winners have to keep themselves in the game by maintaining enough will and resources to try again.

It has also been said that the best time to respond to a disaster is before it occurs. That's why a proactive approach should be taken when it comes to business failure.

By following these principles, you will be prepared for the worst so you can limit any damage and preserve assets to try again. Finally, by being ready for a catastrophe, you could prevent the very thing you fear most: business failure. ■

· Book 37 of 67 ·

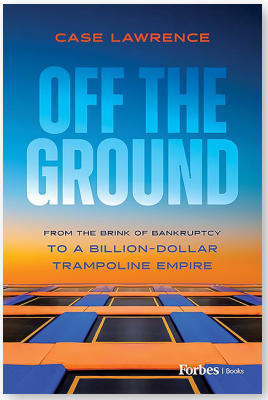
# Off the Ground

Case Lawrence

Executive Book Summaries®

# Off the Ground

## From the Brink of Bankruptcy to a Billion-Dollar Trampoline Empire




*by* **Case Lawrence**

## Contents

Wiped Out
*Page 2*

From the Ground Up
*Page 3*

Stumbling Into Growth
*Page 4*

Elevating the Experience
*Page 4*

The Power of Partnership
*Page 5*

Beyond Borders
*Page 6*

Crisis Mode
*Page 6*

Full Circle and Into the Future
*Page 6*

## THE SUMMARY IN BRIEF

***Off the Ground: From the Brink of Bankruptcy to a Billion-Dollar Trampoline Empire*** outlines how to scale a concept that lacks precedent by using the creation of Sky Zone as a case study in applied leadership and management. The book's core premise is that effective leadership is developed through navigating uncertainty rather than following established playbooks. The Sky Zone journey provides a structured look at how leaders identify opportunities, test ideas in real-world conditions, and make iterative decisions when data is limited or inconclusive.

The content is organized around key phases of business building, including opportunity recognition, early-stage execution, scaling, and crisis management. Each stage introduces practical frameworks such as validating demand before expansion, standardizing operations for replication, and maintaining financial discipline under pressure. The narrative highlights how leaders must continuously adjust strategy while balancing growth ambitions with operational realities.

Case Lawrence, an entrepreneur with a background in law and real estate, draws on his experience building SkyWalk—his original trampoline park concept—and scaling it into what is currently the world's largest trampoline park franchise, Sky Zone. His account connects individual decisions to broader management principles, offering readers a practical understanding of how leadership, adaptability, and disciplined execution can be applied across industries, not just in start-up environments.

## IN THIS EXECUTIVE BOOK SUMMARY

- Evaluate and act on opportunities in uncertain or emerging markets
- Scale operations effectively without relying on a fixed blueprint
- Manage risk, setbacks, and external shocks with discipline
- Build resilience and adaptability for long-term business value

## Introduction

Every major company out there was once a start-up. Every Fortune 500 company started with a single idea. You'll find no exceptions.

My greatest goal is that you walk away with ideas. Ideas that can turn into opportunities. Opportunities that turn into companies. Companies that create jobs and make the world a better place. Because I believe that's what Sky Zone does in its own way. By offering people an escape, an opportunity to bond, and a chance to release anxieties, it makes the world a better place.

You might think that my greatest business accomplishment was scaling a crazy start-up idea to a company valued at over $1 billion. But it's not. My greatest business accomplishment will always be avoiding bankruptcy during the Great Recession. Because, as tough as it was, I owe the real estate collapse of 2008–2009 for where I ended up. The trials I faced from 2008 to 2010 taught me the most powerful business lesson: With every down, you can find an up.

With each chapter of Sky Zone's story, there is a lesson to be learned and applied to your story. And with every down, there is an up. Bringing the two together is what will create a successful experience. But to do so, you'll have to take the leap. You'll have to ask yourself, "What if?"

CHAPTER 1

## Wiped Out

Most of us want to ignore the failures in our lives. We want to emphasize the wins. The problem with doing that is how intricately connected failure and success are. Sometimes, the line between the two is very thin. One decision can lead a company to thrive or die. One shot at the buzzer can determine a win or a loss.

Failure is part of the story of success. For anyone who is considering the entrepreneurial life, you have to get on the roller coaster. You have to see failure as a blessing. A blessing in disguise, yes, but a blessing nonetheless.

No one wants to live life on a coin flip. But that's what my career looked like for two years straight. All of life is risk, though. You win some. You lose some. You go up. You go down. But how do you set yourself up for more ups than downs? How do you bounce back faster from the downs? What I've seen time and again is that you'd better start with a strong foundation.

### Foundations

As with architecture, a firm foundation is the best start for building anything. Every aspiring entrepreneur should take the time to analyze their own personal foundations.

You need to look at the assets your background brings you and the potential handicaps. How does your background influence your decision-making? How has it shaped your view of money? How has it taught you to face challenges?

Your family and community are your first network, long before you even realize the importance of having a network. So, it's well worth the time to create a catalog of how your foundations can contribute to your success. Many start-ups have found their first round of funding from family and friends, not from the big venture capital (VC) firms.

Part of your foundation is also looking at how your life has provided experiences to you that can be leveraged in business. Think of this as your "life résumé": skills and experience you have acquired by virtue of living life in your unique upbringing.

### The Backup Plan

Most people don't choose law as their backup plan. But with the demise of my real estate business CargoBay, that was the prospect I was facing. We needed to replace the meager income I had taken from CargoBay, and the most obvious option was for me to return to law.

This idea to start up a trampoline park was also meant to be a backup plan: a temporary side hustle. My wife Kerri and I created an Excel spreadsheet to estimate what we could charge for tickets and how many people would visit. Ultimately, we came to a conservative conclusion that we could make $5,000 a month after expenses, and this would get us through until I could find a job at a firm.

So many of my experiences were about to fuse together—my foundations, my pivot to business, Silicon Valley, and even the failure of CargoBay. Looking back, CargoBay's failure would be particularly important for laying the groundwork for what would become Sky Zone.

The greatest blessing of failure is that it can teach you how to be successful. As long as you don't turn "failure" into a label, and as long as you see it as one chapter in your story and not as the entire book. Failure can be your greatest teacher, but only if you are a great student, ready to apply the lessons. Because you never know when that backup plan may end up being the plan that changes your life forever.

> Failure can be your greatest teacher, but only if you are a great student, ready to apply the lessons.

CHAPTER 2

## From the Ground Up

Looking around, many would-be entrepreneurs are disheartened by the notion that all the great ideas have already been taken. But it's not impossible to break into an established industry and excel.

The question then is, "What truly divides successful entrepreneurs from those who give up?"

It rarely has to do with the idea itself, but rather the approach. Are you willing to take action outside of the box? Are you able to see what's not obvious?

Building a business doesn't happen because you have all your ducks in a row and a foolproof plan. In fact, your plan will probably look foolish to most people. Building a business happens because you have a vision, guts, and creativity to leverage. So, how do you build from the ground up? Especially when you don't actually have any ground to build on? In many ways, starting SkyWalk, our first trampoline park, was truly like building on air.

### Just a Side Hustle

I'm a fan of encouraging a side gig for budding entrepreneurs. You'll often hear the message preached of being all in, and there's nothing wrong with that message. But I believe that mentality dissuades many would-be entrepreneurs from pursuing an idea that could change their lives.

Another common roadblock for would-be entrepreneurs is the belief that you can only create something original—that you can't take someone else's idea and run with it or improve upon it. That's the beauty of competition in a free market. Otherwise, we'd only have one shoe company, one car company, one brand of jeans, and so on.

So never discount a business idea solely on the grounds of originality. Often, being the fast follower in an industry is a more ideal position to start from than being the first mover.

Also, original ideas often prove more difficult to sell. Many business ideas are about solving pain points, and it's more difficult to sell a solution if you first have to show people a pain point they didn't realize they had.

### It Never Hurts to Ask

Every day, I'm grateful for the opportunities and blessings in my life. But I also had few other choices at the time. Today's entrepreneurs have many more choices for where to find start-up capital. Nor do you have to go the arduous route of VC, which wasn't an option for me either. You can seek out grants, including local government grants that are designed to help the local economy through entrepreneurs. And let's not forget the incredible power of crowdfunding.

Looking back, putting together that $430,000 to build SkyWalk was a big nut to crack. For many, it would have seemed an insurmountable obstacle. But by making big asks, coupled with the willingness to assume more risks, we were able to move forward.

### It Worked

While it's certainly important to learn from the past and what entrepreneurs have done before, it's just as important to pay attention to what's happening around you now and then leverage the moment. We did this almost by accident. Several major shifts were happening in the world that ended up being very good for our long-term success, especially as a bootstrapped start-up that most people had never seen.

One of those was the meteoric rise of social media. Waiting to market your business when the doors open is too late. Marketing should always start before. For instance, during the construction of SkyWalk, I posted progress pictures a few times a week to capture people's curiosity. And it worked. By the time SkyWalk opened, we had more than five thousand followers of our Facebook page.

Beyond our own use of video for marketing, video was also a driver for customers. YouTube had successfully democratized video, and social media platforms realized video was their next evolution. People wanted to capture an experience and share it with others. With Instagram taking off, the selfie revolution was in full force.

People wanted to capture photos and videos of themselves having fun with their friends. Parents wanted to post videos of their little ones doing flips. Teenagers were posting videos of playing trampoline dodgeball; my two boys usually right in the thick of it all. All of this generated tons of positive fear

of missing out for anyone who saw those photos and videos, driving more business our way.

CHAPTER 3

## Stumbling Into Growth

Not every business grows on purpose. But you cannot grow a business *without* purpose. That is, a purpose and a plan are not the same thing. Purpose is what motivates you and drives you. But a plan is how you strategically wield that purpose for growth.

### See the Pattern

Our lives are filled with patterns. Maybe you've watched someone crochet, following a pattern over and over until something beautiful takes shape. Or if you've ever learned how to play an instrument, music is a pattern. The digital world has filled our lives with patterns called algorithms.

Though there is no one single formula for success in the world, so much of success is finding your patterns. Finding what works so you can repeat it—and finding what doesn't work so you don't repeat it. In the case of Sky Zone's story, scaling the business was a daisy chain. When you do something great, great people want to become part of the pattern.

I was being carried along by great partners following a great pattern. And the partners were the only reason I had been willing to go along with the idea of new parks. Three parks in, I still considered it a side hustle. Though I hadn't purposefully scaled the business at this point, deep down, the desire to do so was there, just waiting to burst out.

Not every business will follow the same pattern. Sometimes you find the pattern. Sometimes the pattern finds you. What matters most is that you look for and *see* the pattern.

### Scaling with Purpose

Within eighteen months, I was looking at five parks, all performing well thanks to great partners. While I didn't scale SkyWalk on purpose per se, the company did scale *with* purpose. Anchored by our values, we were primed for purposeful growth. Looking back, the keys to our early growth were partnership and open-mindedness.

You could say I was a reluctant scaler. But because of our values, the company kept attracting the right partners. And by being open-minded, new opportunities opened up that I wasn't even searching for.

Focus on those two secret ingredients—the power of partnership and keeping an open mind. Anyone can learn how to read a profit and loss statement. Anyone can learn how to run ads. Anyone can learn how to pitch a product. But not everyone masters partnership or open-mindedness.

CHAPTER 4

## Elevating the Experience

No matter what you do, no business is ever 100% in your control, even if you own 100% of the company. From an intellectual point of view, we entrepreneurs understand this and preach it to anyone who will listen. But many of us become hypocrites in the execution process. In the experience of running a business, we forget what we know in exchange for the belief that we can become 100% in control of the business.

You can't control the external factors, which means you have to double down on the internal factors that you *do* control. When you look at the companies that have failed over internal problems, you'll find a common enemy to point the finger at: complacency.

### Exploiting Trends

Avoiding complacency starts with paying attention to what is happening, and more importantly, what needs to happen next. Many businesses fail to grow because all of their focus is on getting people through the door. Once customers have handed over the cash, some companies stop paying attention.

The culture is never stagnant. So, if you're always looking to meet and exploit current trends, then you will avoid complacency by elevating the experience.

When it comes to innovating and elevating the experience for customers, you might surprise yourself, which is why you need to put every idea to the test. Never assume what elevates the experience for consumers; find out from them directly. As an entrepreneur, you should never be your own focus group.

The business lesson here? Always leave room to surprise yourself. But there's another lesson sprouting from it: You might not know your ideal consumer as well as you think you do.

### Understand Your Customer

Contrary to popular opinion, people do change. What grabs their interest changes over time. If you don't develop ways to

> Often, being the fast follower in an industry is a more ideal position to start from than being the first mover.

get inside their heads and know what they're saying and thinking, how can you ever meaningfully elevate the experience?

The biggest lesson from all the innovation was the need for novelty. Even when a new attraction was less popular than others, there was still a payoff for introducing something new. At the very least, it gave us something to post on social media, and it gave people a reason to come back.

When you couple imagination with an understanding of your customer, you can continue to keep your product or service new. When you keep up with current cultural trends and understand your customer, you'll not only leave room to surprise yourself; you'll also continue elevating the experience.

CHAPTER 5

## The Power of Partnership

One plus one can equal three. Business history is filled with examples of partners who came together and resulted in synergy—and success. Finding success isn't so much about the idea as it is about finding the right partners.

### First Moves

To scale a business strategically, we couldn't just skim off the profits from the existing locations and add on new parks one by one. Thus far, our growth had been serendipitous, with the right partners coming at the right time, apart from anything I had done. But it would have been impossible to strategically scale that way. We needed to be able to open multiple parks in quick succession, which required real investment power.

And we found that in Jason Peery, who managed a family office, Peery Partners. We started with a trial run in which Peery Partners would fund three new parks and see how they did. If they were successful, then Jason made it clear there would be capital for more parks, which would incentivize me to put my best foot forward.

Peery Partners followed through on their promise to do more if we performed and ended up putting in more than $30 million in capital for us to get parks up and running across the country. I couldn't have dreamed of a more perfect partnership. Something I emphasize with my business students and new entrepreneurs all the time is to take the right money from the right partners at the right time.

### Family

If you're married or in a committed relationship, never forget that your partner is the silent founder, even if they are not playing an active role in the business. "Silent" because they are taking on the same risks and gambles as you, but without the full scope of knowledge that comes with proximity to the business. As a result, they are required to have more trust and faith while carrying the same stress.

To combat that stress, you need to lean into radical transparency with them—the real risks and the rewards. Though I hadn't been perfect in this, I worked hard to involve the whole family. For many years, our family vacations consisted of visiting all the parks we had finished in the previous year so they could test them out.

What many entrepreneurs forget is to never stop building that primary community: your family. Yes, scaling a business can easily take over your life. But you can also use a little creativity to weave together family and business without it becoming a family business per se.

From your family to your professional partnerships, stop seeing business as just the thing you do to make money. Business can be a tool to build people, family culture, and community. When you do, you expand your impact as an entrepreneur.

### Pack vs. Pride

No conversation on partnership would be complete without answering a common question I receive from students: When launching a business, should you always find a partner or cofounder, or is it better to go alone? I see two main types of ventures: packs and prides.

- **People who glorify the lone wolf idea overlook that wolves are pack animals.** Businesses with cofounders operate like wolf packs: decisions are made by the pack, projects are completed by the pack, and rewards are shared by the pack. Everyone prioritizes the pack, regardless of hierarchy.

- **Businesses that operate like lion prides are typically led by a single founder.** These ventures are often driven by a charismatic visionary, but even the leader depends on others (lionesses and younger members) who contribute to the success of the whole.

Both models require an appreciation for the power of partnership. Like in so much of life, there's no right answer. With the right pack members, you can be successful. With the right pride members, you can be successful. And both pack and pride can turn ugly if you have the wrong members.

CHAPTER 6

## Beyond Borders

As a group, humans are explorers. We thrive on cultural exchange. At one point, though, explorers had to have strong financial backing or even royal support. But with technological advances in travel, shipping, and communication, international trade has been democratized. Nearly anyone can conduct an international business if they want to.

Building from the power of partnership, the question every entrepreneur should be asking themselves is, "Do I have the right people and resources to expand my horizons?" Because going international isn't just a whole new ballgame. Sometimes, it can feel like a whole new sport. And if you don't do your due diligence to understand the international market and its requirements, you could lose.

### Adjust and Adapt

By the end of 2014, we had a bunch of parks in the works, and it became clear that the low-hanging-fruit markets had largely been snapped up. The best markets had been grabbed. The industry as a whole started to pivot, as it became clear that the next frontier was international.

By 2016, we had parks in four countries, which further cemented our business proof. And more importantly, we caught the attention of Palladium Equity Partners. As 2017 approached, they offered to make a long-term investment in the expansion of our business, which was the first institutional private equity deal in the trampoline park industry.

We could never have gone beyond borders if we had not found the right partners at the right time. When you have an international partner, you learn how to adapt and integrate into a new culture and new ways of creating opportunities you would have otherwise missed. With great people in your corner, the horizon no longer has to be the limit.

CHAPTER 7

## Crisis Mode

Whether you're a start-up entrepreneur or an executive at a Fortune 500 company, there's no escaping Murphy's law. In fact, I suggest you heed Murphy's law and strategize defensively, or rather, proactively. Because if nothing else, it will save you from optimism bias, which is the psychological term for when you assume nothing bad can happen to you.

One of our strengths at Sky Zone is that we never make this particular assumption. We always look for ways to anticipate and hedge against future problems. But even when you're doing everything you can, trouble can and will still happen. Then you have to know how to respond in a crisis to right the ship.

What do you do in a crisis? How do you remain proactive when every fiber of your being wants to be reactive?

### Expect the Unexpected

Expecting the unexpected isn't a fatalistic worldview. It's a worldview built on faith. When you have faith, you'll do whatever you can to protect what you've built from unseen threats. When you truly believe in what you're doing, you'll remain proactive. You'll make wiser choices when you face a crisis because you'll welcome the unexpected. You'll recognize it as a chance to grow and learn.

When trials and tribulations come, you discover a ton about yourself and your business. You find the gaps that need to be filled. You find the areas where you can improve the experience for everyone. You become more creative, more resilient, and more innovative. Entrepreneurs need these skills, and they grow best in the midst of the unexpected.

Success is never simply a case of getting the business off the ground; it's keeping everything going when the worst-case scenario hits you. No matter what your business is, the unexpected will come for you. You have to learn how to become proactive before the crisis hits. When you learn to expect the unexpected, you not only prepare yourself to weather the storm, you also water the fields for the unexpected good. Present pain prepares you for future opportunity.

CHAPTER 8

## Full Circle and Into the Future

It's a bizarre blessing that we humans can't predict the future. Life simply doesn't allow it because life isn't linear. It weaves, meanders, finds a dead end, reroutes, and takes one

> You can't control the external factors, so double down on the internal factors that you *do* control.

path over another. And like a trampoline, for every down, there's a chance to spring back up again. But my favorites are the full circle moments.

### The Power of Joy

The joy factor happens when you're able to look at the full circle of your journey and be grateful for every failure, every win, every trial, and every triumph. True joy can't be purchased. Rather, it overflows into generosity. It's a feeling that becomes a powerful experience unto itself. And it is a great foundation for building a beautiful future.

Through Sky Zone, we've experienced financial success, but that's never been the prime motivation for us. Even when I regarded trampoline parks as a side gig, the motivation was always joy. Never underestimate how motivating it is to provide others with a powerful experience. The joy factor is what will keep you going through whatever challenges you face. Money alone can never sustain you through the trials of entrepreneurship.

Ask yourself, Is there a way I can provide joy to people? What is a unique, joyful experience people are willing to pay for?

### Challenge Your Own Assumptions

The future for any business is filled with uncertainty. But there is one certainty for any business: If you only do the same old same old, you won't move into the future. The biggest breakthrough in our business model happened when I was proven wrong when I tried something new. Because, usually, you don't even know you're wrong until you try out a new path.

Surround yourself with people who will challenge you to try something new and challenge your assumptions. Because those assumptions could be keeping you from important breakthroughs. Especially the breakthroughs that will take you into the future. So have the humility to question your own assumptions, let others be right, and try something new.

### The Future of Fun

Successful businesses always have an eye on the future. They don't get so stuck in the past that they forget what's most important: bringing joy to people now. When you commit to elevating the experience for customers and consistently innovating, the future becomes your best friend.

You can build a future on either philosophy: branching out or evolving. It all depends on your business's core strength. No matter which model you follow, those are the two keys: Find the joy and keep an eye on the future. None of us can predict the future, which is why it's so important to live with an open mind and be ready to change.

From retail to technology to sports, everything comes back to being aware of current trends and leveraging the moment. When you can appreciate the past, keep your finger on the pulse of the present, and look with excitement to the future, you become something much more than a fad business: you become a full-circle business.

## Conclusion

One of the greatest joys of my life now is having the opportunity to pass on what I've learned. Whether it's in a college auditorium or a one-on-one mentoring session, I'm driven by the idea that my experience will help others get their own ideas off the ground.

With that in mind, here are some of the key takeaways from my journey:

**1. Find opportunity in failure**

In dark times, the challenges and failures you face contain seeds of opportunity. Failure can disrupt our previous path, initiate a paradigm shift, and allow us to consider new possibilities going forward.

**2. Dare to ask big**

In business, have the courage to make the audacious ask. You don't have to have an abrasive personality, but you can stretch your willingness to ask for more—even if it might seem unrealistic.

**3. Deliver joy**

Entrepreneurs no longer need to focus on eliminating pain points or solving a problem as the premise for delivering a product or service. As we move forward into an age of abun-

dance and continued technological progress, some of the most successful business concepts will be those that deliver joy and fun to consumers.

**4. Move to the frontier**

Look to the unlikely path and the road less traveled. Seek to identify industry segments that are still fledgling or not fully formed, and position yourself there as an entrepreneur. The U.S. has a rich history of people striking out for the next frontier because that's where the most fruitful opportunities are.

**5. Pursue constant growth**

Never be static. Always look to level up. Search with a desperate urgency for the next way your business can grow, even when things are going well. Pursuing growth isn't just about expanding the volume of your business; it's about always innovating and looking to the future with imagination.

**6. Build relationships and leverage partnerships**

You can't do everything on your own. Whether you operate within a pack or a pride, you need the synergy of good people around you. Entrepreneurship is always a group journey, so look for the best partners you can bring along and relationships you can develop.

**7. Be proactive in a crisis**

The path of entrepreneurship is an inevitable rendezvous with problems and crises of every kind. Sometimes, the volume and magnitude of problems to solve can be overwhelming and paralyze us. True entrepreneurs must act and not be acted upon. Always lean into being proactive and meeting a crisis or problem head-on.

If there's one way to sum all this up, it's to never forget the power of experiences. The next success story won't be about a piece of technology or a marketing niche. It will be about the experience created. No matter the product or service, it's about the memories and joy you provide for people.

Always ask yourself how you can infuse the power of experience into your business. What is the experience you are going to create for others? And how far off the ground will that experience take you?



**Case Lawrence** is the founder and former CEO of CircusTrix, now Sky Zone, the world's largest trampoline park company, with hundreds of locations and millions of annual guests. A pioneer in active entertainment and the experience economy, he has been featured in Forbes and The New York Times. Lawrence was named Ernst & Young Entrepreneur of the Year and later recognized as CEO of the Year by Utah Business. He teaches entrepreneurship at Brigham Young University and serves as chairman of This Is the Place Heritage Park. Lawrence holds degrees from Duke Law School and Brigham Young University and lives in Utah.

***Off the Ground: From the Brink of Bankruptcy to a Billion-Dollar Trampoline Empire*** by Case Lawrence. Copyright© 2026 by Case Lawrence. Summarized by permission of the Publisher, Forbes Books. ISBN 9798887507217. Summary published by Soundview Executive Book Summaries®. Copyright 2026 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 48SS07B

· Book 38 of 67 ·

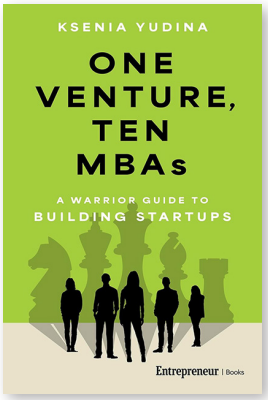
# One Venture, Ten MBAs

Ksenia Yudina

Executive Book Summaries®

# One Venture, Ten MBAs

## A Warrior Guide to Building Startups




*by* **Ksenia Yudina**

## Contents

My $200,000 Inspiration
*Page 2*

MBA in Launching an App
*Page 4*

MBA in Incumbents
*Page 5*

MBA in Pivoting
*Page 6*

MBA in Mergers and Acquisitions (M&A)
*Page 7*

MBA in Hostile Takeovers
*Page 8*

## THE SUMMARY IN BRIEF

First-time entrepreneurs often underestimate how difficult it is to turn a startup idea into a durable business. Beyond product development, founders must navigate funding risk, shifting markets, complex stakeholder dynamics, and constant uncertainty, often without a practical roadmap.

***One Venture, Ten MBAs: A Warrior Guide to Building Startups*** is written for those confronting this reality for the first time. Set against today's volatile and uncertain startup environment, the book emphasizes resilience over idealized success narratives. It positions failure, surprises, and missteps as core learning tools, helping readers build judgment and confidence through adversity.

Drawing on her experience building and scaling a fintech company, author Ksenia Yudina offers an unfiltered account of what actually happens between a pitch deck and survival. Rather than theory, the book distills hard-earned lessons from venture fundraising, market pivots, boardroom conflict, and capital constraints. Each chapter functions as a "mini-MBA," focused on areas traditional business education rarely prepares founders for, from venture debt and cap table management to hiring through downturns and responding to black swan events.

## IN THIS EXECUTIVE BOOK SUMMARY

- Learn how to move from idea to minimum viable product with limited experience
- Understand how funding, cap tables, and venture debt shape ownership, control, and a startup's ability to survive market shocks
- Navigate pivots, competitive pressure, and market timing when conditions shift and uncertainty becomes the norm
- Find out how to build and protect a strong team during growth and downturns

## Introduction

It's no secret that the startup world is notoriously unforgiving, like a poker game where the deck is always stacked against you. Most venture-backed startups fail, with running out of cash being one of the primary reasons for their downfall.

The current landscape is especially punishing: in 2023, funding for startups fell to a historic low, with fintech funding falling by more than 50%. For women founders, the statistics are even more striking: according to PitchBook, women-led startups received only 2.1% of all venture capital investments in 2022.

But you don't have to let the system crush you. Building a startup with absolutely no experience taught me that, while you can't control every factor that determines whether a venture will ultimately succeed or fail, there are certain pieces of knowledge that, had I possessed them at the right time, could have made a huge difference.

The following ten mini-MBAs each focus on a crucial aspect of building a company that business schools don't fully prepare you for. These are lessons that can make the difference between success and failure while making the whole entrepreneurial journey a lot easier: navigating the complexities and possible pitfalls of venture debt, understanding market timing, and building the right team to protect yourself in downturns.

CHAPTER 1

## My $200,000 Inspiration

I don't know if I ever would have started a company if it hadn't been for my $200,000 MBA student debt.

I was born and raised half a world away from Silicon Valley in a small town in the Russian Far East, nestled close to the border with China. At 18, I boarded a plane to America with only $500 in my pocket, to attend an international student program for the summer. Three months later, I secured a student visa.

I started at a two-year community college and then transferred to California State University, Northridge, in suburban Los Angeles. When it was time to pick my major, the choice was obvious: finance. And from the moment I took my first few classes, I knew I had made the right decision.

An internship at J.P. Morgan Private Bank provided my first real exposure to a large financial corporation. After earning my MBA (and incurring that $200,000-plus in debt), I joined Capital Group. This parent company of American Funds manages $2.7 trillion in assets and is the largest provider of 529 plans and other custodial accounts that help parents in the US save for their kids' education.

According to Edward Jones and Morning Consult, only 14% of American families use 529 plans, largely because of how complex they are, and only half of American families even know the plans exist. Even financial advisors avoid them because 529s not only require a ton of paperwork; they also pay measly commissions.

I had a vision to create an app that made setting up and managing a 529 plan as easy as using Robinhood or Venmo, a platform so intuitive and accessible that millions of parents could start investing in their kids' future with just a few taps. I quit my job at Capital Group, invested my life savings, and, with absolutely no experience, became a founder—UNest was born.

CHAPTER 2

## MBA in Execution

My mission was to democratize college savings, making 529s accessible to the masses by creating a mobile-first platform that would make investing in a child's future easy for any parent, no matter how wealthy or financially savvy they were.

I thought it was a brilliant idea. However, as someone emerging from corporate life, I had no idea that in the startup world, the difference between success and failure isn't about how good your concept is. It all comes down to execution.

*Execution* is everything you need to do to transform an idea into reality. It involves the people you work with, the money you raise, the models you create, the money you spend, the customers you attract, and, most of all, the way you adapt to an endless stream of challenges.

Here's a brief rundown of what getting ready to create my product actually looked like:

**1. Name and domain**

It turns out that with startups, the domain is more important than the name itself. If the domain you want has been taken by someone else, it can cost you big bucks to make it yours. If you build a great product that people love, whatever you call it will become a household name, just like Uber and Airbnb.

**2. Incorporating the company**

In business school, I was taught to register a new company as a limited liability corporation, or LLC, so that's what I

> In the startup world, the difference between success and failure isn't about how good your idea is—it comes down to execution.

did with UNest. This proved to be a significant mistake—but not until later, when I tried to raise institutional money from venture capital firms (VCs). These firms almost exclusively invest in Delaware C corporations, something they didn't teach us in startup school.

**3. Legal counsel**

There are only a handful of top-tier legal firms that specialize in working with early-stage tech companies. After careful investigation, I narrowed my list down to four firms: Cooley, Goodwin, Orrick, and Wilson Sonsini. These firms are legendary in the startup ecosystem for not just providing legal services but for being true partners to emerging companies.

**4. Finding a co-founder**

Launching a startup is a ton of work, which is probably why, at UCLA Anderson, our professors advised us to find a technical co-founder or a chief technology officer (CTO) we had worked with previously and trusted enough to be in the same boat with for the next five to ten years.

Unfortunately, there was not one single person fitting that description in my life. My workaround for my lack of a co-founder was building a strong executive team. If you find yourself in the same situation, which could be the case with your first startup, the right executives can fill those gaps.

**5. Prototype development**

Coming from finance with a corporate background and zero technical expertise, I had no clue how to turn my idea into an actual product. Through a combination of research and conversations with my new tech-world connections, I learned the basics of product development. That meant starting with *wireframes*, the visual blueprints of the app's structure and user flow.

Once we had solid wireframes, the next step was creating a *clickable prototype*, a simulation of a product's user interface (UI) that allows for basic interaction without actual functionality.

**6. Testing the prototype**

Before we started coding, I conducted a focus group with ten to twelve mom friends to test the clickable prototype. These friends provided valuable feedback, and I made changes to the UI based on their input.

**7. Evaluating development options**

One benefit of not having a single technical co-founder was that I built relationships with a wide range of technical advisors, which gave me access to specialized expertise in a lot of different areas. These advisors helped us evaluate our options and guide our development decisions.

**8. Joining an accelerator**

In the startup world, getting into an accelerator is a popular track to help first-time founders get their ideas off the ground. These programs provide resources, mentors, connections, and money—all the things UNest didn't have.

## The Ultimate Lesson: Execution over Ideas

In the end, instead of six months, UNest's journey from being an idea to closing its first round of capital took an agonizing eighteen months. Getting to that milestone cost $60,000 out of pocket over our initial $100,000 investment, and when you add my lost income and bonuses, that total $100,000 investment actually tripled.

Today, with the benefit of hindsight, these are the steps I wish I had taken and that I suggest you take to get from an idea to a fundable startup:

1. Learn more about the startup ecosystem and build the right network before diving in.
2. Research the technical feasibility of an idea before designing the user experience (UX). This is especially crucial in fintech, where backend infrastructure and industry partnerships determine what's possible.
3. Find people who believe in the vision enough to invest in it from day one.

In the end, execution is everything that makes your idea real. It's the team you build, how fast you get things done, your strategy for acquiring customers, the way you manage your expenses, how and who you hire, how well you raise money, and perhaps most importantly in the startup world, how well you adapt to the challenges that pop up along the way.

The brutal truth is that a good executor can succeed with a mediocre idea, but a poor executor will fail even with the most brilliant concept.

CHAPTER 3

## MBA in Launching an App

A minimum viable product (MVP) is the most basic version of a product that can be released to test market demand and gather user feedback. The M in MVP stands for minimum for a reason: an MVP should have just enough features to solve the core problem and provide value, without all the bells and whistles of your ultimate vision. This is something I would only learn through hard, painful experience.

### The Reality Behind Our MVP

When you look at a tech product, you assume everything is automated and scalable from day one. But in those early days at UNest, our first version was far from that. We automated the UX inside the app so that it looked polished and professional. But behind the scenes? Everything was manual. Everything that happened after a parent finished the onboarding process on their phone was held together with duct tape and determination.

One of the biggest lessons I've learned as a founder is that you should focus on the problem, not the solution. In my case, the problem wasn't about disrupting the 529 market. It was the basic lack of awareness and overwhelming complexity that parents faced when trying to invest in their child's future. It took me almost three years to realize that UNest wasn't just a tool to simplify 529s; it was a platform to help parents create the best possible future for their kids.

### Key Lessons for Building Your MVP

1. Do thorough research and development (R&D) on the backend before deciding to build, because the frontend is often the easier part. Understanding what's technically feasible and where the industry limitations are can save you months of wasted effort.
2. Don't overspend on your MVP. If you build too many features upfront, you'll probably have to rebuild the entire product once you get customer feedback anyway, so keep your MVP simple and confined to the most basic—minimum—version of your concept.
3. Stay focused on the problem, not the solution. Your initial solution may not be the one that ultimately works, but if you're solving a real problem, there will always be a path forward.
4. Get your product into customers' hands as quickly as possible to learn what works, what doesn't work, and what needs to change.
5. Be prepared for manual processes in the early days, especially if you're disrupting an established industry.

The journey from idea to MVP taught me that execution isn't about perfection; it's about persistence. When something isn't working, you pivot. When doors close, you find windows. And when an entire industry tells you it can't be done, sometimes, that's exactly when you need to prove them wrong.

CHAPTER 4

## MBA in Fundraising, Part 1

The 2019 launch of our MVP meant we had reached a crucial milestone that all successful startups hope to reach: the point when it's time to find the money to grow. This is the moment founders move from building to selling, not just their product but their vision, to potential investors.

### The Phases of Startup Funding

Companies raise money in stages called *funding rounds*, starting with smaller amounts when the product is just an idea and progressing to larger investments as the business proves itself and grows:

1. **Preseed/bootstrapping**. The first round, which isn't a round at all. It's the getting-started money you use to get started. This money typically comes from your own savings, loans from friends and family, or even your credit cards (not recommended).
2. **Seed round**. The initial formal funding stage for startups (typically $1 million to $5 million) that helps develop the MVP, validate the business concept, and cover early operational costs.
3. **Series A**. The first significant round of VC financing for a startup, typically ranging from $2 million to $15 million, which follows seed funding and aims to help the company scale.
4. **Series B**. Growth-focused funding ($7 million to $30 million) for startups with an established product-market fit, enabling market expansion, team scaling, and product development.
5. **Series C and beyond**. Large funding rounds ($30 million to $100 million+) for mature startups looking to scale rapidly, enter new markets, acquire competitors, or prepare for an IPO.
6. **Initial public offering (IPO)**. The process of offering shares of a private company to the public on a stock

> A good executor can succeed with a mediocre idea, but a poor executor will fail even with the most brilliant concept.

exchange, allowing the company to raise significant capital while providing liquidity to early investors and employees.

### Why Skin in the Game Matters to Investors

Investors view founder skin in the game as a strong signal of commitment and alignment. When founders risk their own financial resources, it demonstrates:

1. **Conviction**. The founder believes deeply enough in the idea to back it with personal funds.
2. **Shared risk**. Investors know the founder has something tangible at stake, which aligns incentives between both parties.
3. **Resilience**. Founders with skin in the game are more likely to persevere through challenges since they are not only managing other people's money but also their own.
4. **Credibility**. It reassures investors that the founder is not simply seeking outside capital to test a casual idea but is personally invested in seeing it succeed.

In short, skin in the game reduces the perceived risk for investors and strengthens the trust that the founder will fight for the company's success as much—or more—than anyone else.

CHAPTER 5

## MBA in Incumbents

After we successfully raised our seed round, the mood inside UNest was electric. All the struggle and sacrifice had been worth it. The road ahead looked promising and exciting. People were actually getting it.

We had no idea that the biggest obstacle we would face was looming just ahead, and it wouldn't have anything to do with technical complexities or getting customers to sign up. Our success was the problem.

We didn't know it yet, but UNest was triggering anxiety among the legacy financial institutions and the State Treasurers that served them.

The bottom line is that incumbents will protect their turf. So, here's what you need to understand about incumbents before you launch your own startup:

1. Incumbents don't want to change the status quo.
2. Incumbents will compete with you.
3. Incumbents are slow and bureaucratic.

If you're launching a startup, you're going to have to deal with the incumbents in your industry in some way at some time, so make sure you go into those dealings thinking like a strategist—and a skeptic. Spend some time thinking through the different scenarios. Map out every possible motivation behind your incumbent partner's behavior.

Don't assume they have good intentions. Look for evidence. Ask yourself the hard questions: Who benefits if you succeed? Who loses? In other words, watch out for the politics at all levels and be honest with yourself about whatever answers you uncover. What looks like a win for everyone still might appear threatening to an incumbent that has done things their own way for decades.

CHAPTER 6

## MBA in Hiring

One of the most important and underestimated roles of a startup founder and CEO is the job of hiring. When you're the captain of the ship, your success hinges on putting together the right crew: the right people in the right roles at the right time, all rowing in the right direction. No matter how brilliant your idea is, you can't scale that idea alone. You're going to need a team that can translate vision into execution and strategy into action.

Building your team starts at the top with your executive team, the people who will be by your side during those crucial early weeks and months.

If you're building a team, especially for the first time, these lessons may help you avoid a few of the pitfalls:

1. Hire for the mindset, not just the résumé.
2. Equity is your best recruiting tool.
3. Referrals are powerful but diversify your network.

4. Hire your board like you hire your team.
5. Be intentional about culture, or it'll get built without you.

In the end, remember that with a startup, you're not just building a company; you're building a team that can build the company. So, choose wisely.

CHAPTER 7

## MBA in Pivoting

In the startup world, a pivot is what happens when you realize your original idea isn't working and you have to change direction in order to survive. Maybe the product isn't gaining traction.

Maybe the market isn't as big as you thought. Maybe the business model doesn't work. A pivot means learning from that reality and adapting.

But here's the key: *a pivot isn't giving up. It's adapting to survive—and to thrive.*

It means keeping your mission alive by changing how you get there. There are several different ways to do this, such as the following:

- **Product pivot** – changing the product to better meet customer needs.
- **Market pivot** – targeting a different customer segment.
- **Business model pivot** – shifting how you make money (e.g., from one-time sales to subscriptions).
- **Technology pivot** – applying the same tech to a new problem.
- **Channel pivot** – changing how you reach your customers (e.g., direct to consumer versus partnerships).

Startups pivot all the time, sometimes quietly, sometimes dramatically. Not only is it not a sign of failure, but it's often the thing that sets them on the path to success. Some of the most iconic companies in the world didn't start out doing what you probably know them for.

### Our Two Big Pivots—and What They Taught Me

Pivoting from 529s to Uniform Transfers to Minors Act (UTMA) accounts, then from paid ads to a diversified growth model—often under intense time pressure and with the company's survival at stake—taught me some of the most important lessons you need to know as a founder:

1. It's important to stay flexible.
2. Focus on the problem, not the original solution.
3. Your customers will show you the path, if you listen.
4. Stay ahead of the industry.
5. Build a network that goes beyond your board.

For us, those two pivots did more than just keep UNest alive. They proved we could adapt. They gave us product-market fit and a path to sustainable growth. And once we had that, investors really started paying attention. We weren't just a scrappy startup anymore. We were a fintech company solving a real problem for a massive, underserved market, and doing it in a way that actually made sense.

CHAPTER 8

## MBA in Fundraising, Part 2

If you're lucky, scrappy, and stubborn enough to survive long enough to find product-market fit, one thing becomes very clear: you're going to need more capital. Not just to survive but to grow. Fast. In the startup world, we call these *growth rounds*.

A growth round is a funding round, typically at Series B and beyond, raised to accelerate growth after the business model has been validated.

Unlike your seed round, growth rounds are about scaling something that already works. And if the product is working, customers are happy, and your metrics look promising, that's when investors are usually ready to double down.

Conventional wisdom says you should wait to raise funds until you're running low on cash. But the reality is usually very different. Raising before you need capital often significantly extends your runway, which is the amount of time your company can operate before it runs out of money. It lets you stay in control rather than forcing you to make desperate decisions under pressure.

And for women founders, that buffer is critical. We've already explored how access to capital is harder to come by for women. Research shows that even when you control for things such as education level and the specific industry, female founders receive, on average, 23% less funding than their male counterparts.

These aren't just statistics—they're indicators of barriers. And they're exactly why raising capital when you can, not just when you need to, is often the smartest move a female founder can make.

> One of the biggest lessons I've learned as a founder is that you should focus on the problem, not the solution. ”

CHAPTER 9

## MBA in Mergers and Acquisitions (M&A)

There's a point in the life of a startup when you start thinking bigger, not just about growing organically but growing through strategic deals. Maybe you're eyeing another company that can fill a gap in your product or team. Maybe someone sees you as the missing piece they didn't know they needed. Either way, you're stepping into a new world where human relationships, timing, and leverage matter just as much as the numbers.

At UNest, I experienced both sides of the M&A process. First, I led the acquisition of two startups, Littlefund and Kidfund—scrappy, fast-moving deals that helped us strengthen our product and team. Then, not long after, I found myself on the receiving end as UNest became the target of a potential acquisition. All of it—buying, negotiating, and being courted—happened in the span of four years and taught me lessons none of the classes in my MBA program ever covered.

Together, Littlefund and Kidfund showed me that acquisitions don't have to be big or splashy to be smart. If you're clear about what you're buying, whether it's a feature, a team, or a community, M&A can be one of the most powerful growth tools in a founder's toolkit.

### Adventures on the Sell Side

We were close to narrowing down a list of six potential buyers, but we never quite got there. Because on March 10, 2023, Silicon Valley Bank (SVB) collapsed.

We were in the middle of restructuring our venture debt with SVB and in the midst of scheduled management presentations with potential buyers when this all went down. Suddenly, the entire startup ecosystem froze. Every potential acquirer hit pause to assess its own exposure and manage internal risk.

The process stalled, and we never completed the sale. Still, the experience taught me more than I could have imagined:

- A structured process really does matter: it puts you in control, not the market.
- Negotiating a management carve-out is essential when preferences are stacked high.
- Even your most founder-friendly investors can be ruthless when liquidity is at stake.
- Operational excellence, not hopes or pitch decks, is what keeps you alive when markets collapse.

CHAPTER 10

## MBA in Venture Debt

The SVB collapse left us deep in the eye of the storm. For us, the situation was especially dire. Cash was already tight, and suddenly, we were staring down a full-blown existential crisis. The venture debt facility that we had was with SVB.

The M&A was on ice, and without that transaction, we wouldn't have the capital needed to pay down our loan. We weren't just navigating turbulence anymore. We were up against a covenant, enforced by a lender with the power to take the company.

If we didn't meet the sales timeline, SVB had the right to force us into an assignment for the benefit of creditors (ABC) process.

An ABC process is a state-level insolvency process in which a company's assets are assigned to a third party to liquidate and repay creditors. This process is often faster and less public than bankruptcy, but just as final.

Ours wasn't the only company staring down this path. When SVB collapsed, ABCs became a grim but increasingly common reality across the startup landscape.

CHAPTER 11

## MBA in Market Cycles

For any founder, one of the most critical and often overlooked factors in building a startup is understanding where you are in the market cycle when you begin. The rules of the game change dramatically depending on whether you're entering during a boom, when capital flows freely and valuations are high, or during a bust, when funding dries up and investors

get cautious. Different points in the cycle demand radically different strategies.

A down market is a period when startup valuations fall, funding becomes scarce, and investor confidence declines, often forcing founders to focus on survival, not scale. In this new reality, the power dynamic flipped: VCs held the leverage, and discipline, resilience, and capital efficiency became nonnegotiable.

### What Survives—and Thrives—When Markets Collapse

What I wish every founder understood about market cycles is this: after every peak, there's a trough. It's inevitable. Entire categories get swept up in hype, valuations soar beyond reason, and then everything comes crashing back to earth. What matters isn't how high you climb during the boom. It's whether your company is built to survive what comes after.

As I write this, we're in the middle of a new cycle: AI is the hot ticket, valuations are spiking, and capital is pouring in again. But the correction will come. It always does. And when it does, only the companies with discipline, focus, and actual business models will survive.

That's why the best founders always operate with a "scrappy mode" mindset, regardless of market conditions. They preserve cash, maintain focus, and never assume that "free money" will last forever. The path to profitability should be a guiding principle at all times, not just during downturns.

CHAPTER 12

## MBA in Hostile Takeovers

As UNest struggled to survive the down market, I felt the weight of responsibility for my team members more than ever. With just weeks of runway left, I was determined to find a way out—one that would protect the people who had poured their hearts and souls into the company.

A conversation with a fellow fintech founder offered a glimmer of hope. He described negotiating a prepackaged ABC that allowed a strategic buyer to acquire his company's assets cleanly, preserving the team and the product without a messy shutdown. That idea stayed with me.

We reached out to a trusted contact at a large Los Angeles–based financial institution, who escalated the situation to the CEO. What followed was an accelerated due-diligence process that compressed months of M&A work into a single chaotic week. The institution's team admired what we had built and assured us that every job would be preserved. That assurance meant everything to me.

Just as this strategic option was coming together, another group entered the picture with a very different kind of proposal: one that was clearly less mission-driven and more transactional.

The offer came through an offshore entity. It felt like a trap. The syndicate offered a small check for 51% of the company, just enough to seize board control. They even suggested cutting 50% of the team immediately, starting with the highest-paid employees, regardless of their role or performance.

To me, it looked like a classic good-versus-evil dilemma, like choosing between a lifeboat and a shark-infested ocean. I emailed the legal feedback to the board and gathered the executive team again. The decision was unanimous: we would fight for the strategic offer. But that wasn't the end of the story by any means.

To my shock, three investors voted for this deal. They didn't care that the entire executive team would resign. It was like being stabbed in the back at my most vulnerable moment. That's when I truly understood the fundamental disconnect between founders and investors—a gap I hadn't fully grasped until that moment.

For me, the company was defined by three things: product, mission, and most importantly, people. I was willing to take less money and give up more equity, whatever it took to preserve what we'd built together.

But for those three investors, UNest was just a line on a cap table. Nothing more than a spreadsheet entry. They didn't see the people behind the product or the relationships that made everything work. When they looked at our two options, they saw only one calculation: which deal preserves more of our equity stake?

The fact that their choice would destroy the team, gut the product, and ultimately run the company into the ground? That didn't factor into their math.

CONCLUSION

## Second Chances Bring Success

The day I woke up and realized I didn't have UNest anymore, I felt like a piece of my soul had been ripped away. A few months later, when the dust had settled and I could finally think straight, we went back to the board with a pro-

posal to help us continue UNest's mission: a management buyout and recapitalization. But the investor who had taken over the company blocked it.

When that path was blocked, we took a different one. We started over. We launched a new company and named it Mostt. It continues the mission that UNest began—helping parents build a better future for their kids—but it's built on a stronger foundation, with deeper experience and sharper clarity, taking advantage of AI to elevate how the product meets the needs of young parents.

Looking back, I can see clearly that my six years with UNest was my real MBA. And all of it led me to the most important lesson of all: it's about the people. The people who choose to build it with you, believe in it with you, and walk through the fire with you—that's what endures. That's what defines a company.

I hope my story can serve as a roadmap for resilience. Every hard-earned lesson matters. Doing the right thing always matters. You will learn more from what breaks than from what goes smoothly.

And no one will ever care about your dream as much as you do. So, protect it. Fight for it. And if you ever lose it, do what I did: take everything you learned and start again. And this time, build it even better.



**Ksenia Yudina, CFA**, is a fintech entrepreneur and the founder of UNest and Mostt, platforms designed to help families invest in their children's financial futures. After a decade in traditional finance at Capital Group and J.P. Morgan, she launched UNest in 2018 to make tax-advantaged investing accessible to parents. The company raised nearly $40 million and was featured in *The Wall Street Journal*, CNBC, and *TechCrunch*. In 2023, she co-founded Mostt to support multigenerational wealth building. Yudina holds an MBA from UCLA Anderson, earned the CFA designation, and lives in Los Angeles with her family.

***One Venture, Ten MBAs: A Warrior Guide to Building Startups*** by Ksenia Yudina. Copyright© 2026 by Ksenia Yudina. Summarized by permission of the Publisher, Entrepreneur Books. ISBN 9798897010042. Summary published by Soundview Executive Book Summaries®. Copyright 2026 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 48SS03B

· Book 39 of 67 ·

# One to Ten

Rags Gupta

soundview
Executive Book Summaries®

# One to Ten

## Finding Your Way from Startup to Scaleup




*by* **Rags Gupta**

## Contents

Part 1: Product Readiness
*Page 2*

Part 2: Build A Repeatable Sales Machine
*Page 2*

Part 3: Scale Your Human Capital
*Page 3*

Conclusion
*Page 3*

## THE SUMMARY IN BRIEF

Most startup tech founders create something out of nothing, raise their first institutional rounds, convince some early adopters to pay for their product. They grow the kernel of what could become a real business. Then they hit a wall. They struggle to progress past customer pilots. To transcend founder-led sales. To go from a scrappy group pitching in to build out an executive team and a well-functioning organization. To find the right role for each founder. To execute their first reorganization. And, especially, to get to $10 million in revenue.The going gets messy during the One-to-Ten phase, that awkward adolescence when a startup scales beyond its first customers, its early team, its first million in revenue.

In this summary of Rags Gupta's ***One to Ten: Finding Your Way from Startup to Scaleup***, you'll learn how to go from initial innovation to a sustainable, growing, and successful business that exceeds customer expectations and more.

## IN THIS SUMMARY, YOU WILL LEARN:

- Tools, frameworks, and processes to overcome inevitable growing pains.
- What it means to move from innovation (zero to one) to sustainable growth (one to ten) and beyond.
- A clear picture of how others startups have succeeded at overcoming the 'sophomore slump' after initial hype.
- How to plan for disaster and keep your plans simple enough to be executed consistently.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, #2, Chadds Ford, PA 19317 USA. • Copyright ©2022 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • March 2022 • Order #44SS03C Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Part 1: Product Readiness

Your product underpins your company's foundation. Build on a shaky foundation, or on the wrong site for the wrong customer, and you'll spend so much energy on patching and repairing that you'll lose the opportunity to go on offense. Even worse, you'll burn valuable capital scaling prematurely while fighting fires along the way.

Product Readiness doesn't just mean the technology, however. The Product Readiness "formula" comprises three components:

**Product Readiness = Customer Value × Value Capture × Scalability**

Customer Value involves defining what you're selling, identifying to whom you're selling, understanding why they buy, and quantifying how much value they realize. The quest for Product Readiness requires horizontal technology startups to choose beachhead markets and deep tech startups to escape pilot purgatory.

### Validate Your Value Proposition

It's not enough for customers to be interested or even willing to pay to evaluate your product. They must be able to achieve business value and continue to do so over time. It's easy for early stage startups to get caught up in the excitement of winning blue-chip logo pilot customers only to realize they actually didn't deliver value. You should be able to crisply articulate and quantify the value your customers derive from your product. How do you go about this? Develop a comprehensive understanding of the who, what, why, and how of your customers' journey. Start with the basics to lay the right foundation for growth.

### Escape Pilot Purgatory

Pilots are implementations of your product to validate business value. Pilot purgatory is that dreaded place where you are neither here nor there. You show enough promise for the customer to stay engaged but don't prove enough value for the customer to proceed to production.

The best way to escape pilot purgatory is to avoid it in the first place. Since you are proving your value proposition during a pilot, do not do pilots without defined, quantitative success criteria that you have confidence in hitting. Seek pilot customers with the right motivation, resources, and engagement. The less mature and harder tech your product, the higher the stakes in picking the right pilot customers.

### Commit To A Business Model

Product readiness includes your business model, which describes how you capture value from your product. Fundamentally, your business model answers two questions: how far up the stack do you go and how do you capture fair value at what unit economics?

You can adopt a commodity, volume-based model or go way up the stack to provide an end-to-end solution and various permutations in between. There's no right answer to how far up the stack you go. However, you do need a clear answer to move forward. While you may have experimented during the Zero-to-One stage, you will be well served to align on one consistent model to get to Ten. Selling a commodity in one vertical and a solution in another won't be a good look to your Series A VC.

### Invest In Scalability

When he said, "If you are not embarrassed by the first version of your product, you've launched too late," Reid Hoffman was referring to the Zero-to-One phase, which is all about doing things that don't scale. From personally onboarding each customer to handcrafting units, these unscalable activities are important to understand your value proposition as you discover product-market fit. This calculus changes as you go from One to Ten. You can't scrap your way to scalability.

While scalability starts with technology, it encompasses a number of functions beyond the core product itself. There are a number of "jobs to be done" that may or may not need a fulltime person to do them. Regardless, you'll want to explicitly designate ownership of these or else they'll fall through the cracks and impact product readiness.

### Ship Your Product

Deciding when your product is "good enough" to ship is one of the most important calls you'll make during the One-to-Ten stage. Ship something half-baked and you'll have your engineering team fighting fires, your customers unhappy, your go-to-market staff demoralized. Wait too long and you risk overengineering the product, lengthening the time to get customer feedback, ultimately shortening your runway. Do not delegate this decision to your team. You will own it either way.

## Part 2: Build A Repeatable Sales Machine

From honing your sales motion to reliably generating demand to improving sales execution, building a repeatable sales machine entails putting processes into place to optimize for predictability.

### Hone Your Sales Motion

Your sales motion defines how you sell and to whom, taking into account your product, its pricing, and the type and frequency of touchpoints required to close a sale. You may have experimented with multiple motions during the Zero-to-One phase. You'll want to commit to one during the One-to-Ten phase. It's tough to do more than one motion in parallel when you're subscale. I'll start with a basic framework for understanding sales motions, followed by some principles on streamlining them.

### Reliably Generate Demand

Up until now most of your leads may have come via your network, your university, accelerators, or the like. Repeatable sales require programmatically creating and converting demand. You will need to reliably fill the top of your sales funnel with leads or else be scrambling quarter to quarter as your pipeline thins out. The rule of thumb is to have three times the pipeline to hit your number in a given timeframe. So, you'll need to create at least three dollars of pipeline for every incremental dollar of growth in your plan.

### Build Your Go-to-Market Team

First things first, determine the optimal makeup of your go-to-market team. You'll need the following functions covered: Sales, Customer Success, Sales Engineering or Field Application Engineering, Delivery or Professional Services, and Sales Operations.

### Run Quality Sales Processes

You should be constantly qualifying the fit with the customer. And if the fit is there but the customer chooses another option, you either missed something in qualification or didn't properly position your solution or couldn't negotiate the right deal. In other words, you got outsold.

Many people think sales is all about giving a killer pitch and seeing who bites. Not so. That's called throwing shit at the wall and seeing what sticks. Instead, you need to get good at sales execution. Sales execution is synonymous with qualifying. You are qualifying every step of the way from the first time you speak to a prospect until you get the signature. During this time, you are determining the business value that can be uncovered for the customer. You're positioning your offering against the competition. You're figuring out if this customer will be worth your precious time.

### Negotiate Win-Win Deals

For now, let's assume you've run the process, qualified the fit, and shaped a solution that will solve a business problem for the customer. They've asked you for a proposal and you're getting into negotiations. How do you get from here to a signature? First, determine how best to structure the deal.

Before you can present a win-win deal, you must understand it. Sketch out the fundamental value exchange for each party. The customer is hiring you to solve certain problems and achieve value. That is the foundation of your working together. Like any foundation, it needs to be strong and will be tested over time. Sometimes, when you're seemingly down a dead end, reverting to the first principles will illuminate another way forward.

## Part 3: Scale Your Human Capital

Scaling human capital starts with ensuring alignment so people know how their work fits into the bigger picture. That means having a strategic plan and then implementing an operating cadence to ensure you're executing the plan. We'll then delve into organizational design and how to recruit and get the best out of your people. We'll finish with the scariest and loneliest part of all: scaling yourself.

### Align Your Vectors

There are many ways to do a strategic plan. Choose a framework that resonates for you and stick with it. You can also use a consultant to facilitate your planning, who will likely have their own framework. Regardless of which framework you use, the output should clearly lay out your mission, an objective, and a cohesive set of strategies toward achieving this in a given time period. Create a not-to-do list explicitly articulating what you won't do.

### Achieve Operational Excellence

Looking for operational excellence? Follow these simple management principles.

Focus on the most critical path forward.

Operate a minimum viable parallel, or the few things you really need to nail to get to the next level.

Don't innovate unnecessarily.

Don't overengineer platforms.

Institute a culture of documentation and retrospection.

Audit your decision-making inbox to diagnose your business operations.

Celebrate heroes while rooting out the need for 'heroism'.

Strive for 'loosely coupled' tight alignment when managing people.

Focus on the inputs and processes. The outcomes will follow.

### Leverage Your Human Capital

Culture is what you do, not what you say. Ben Horowitz puts it best in the title of his book *What You Do Is Who You Are*. It's that simple. You can communicate the type of culture you wish to foster but it will be for naught if you don't actually walk the walk.

Considering your startup a family is tempting, especially when going from Zero to One, when you're working closely with your co-founders and early employees. But startups are not families. Family implies that someone can never leave, that people have the same titles and roles. Instead, the mental model should be that of a team, a band, a community, or even a platoon. This will make it easier to shuffle responsibilities or to part ways with people.

### Scale Your Organization

Scaling your organization means putting the right people in the right places. It also means leveling up. You and your management team will need to operate at a different level, whether it's taking on a wider span of control, more direct reports, or more responsibility. As you grow, you will likely need to do at least one reorganization. We've seen many reorganizations. The ones that went well involved great stakeholder management, crisp communications, and a swift execution. Those that didn't were emotionally fraught and full of drama, where decisions would linger and people would spin, leading to instability, infighting, and attrition. It comes down to clarity of decisions, roles, and responsibilities, and tying the changes to the overall mission.

### Scale Yourself

Any path to scaling yourself starts by understanding how you're viewed by those around you. Push for candid and constructive feedback of your strengths and weaknesses. Your head of people or a board member can help get anonymized 360-degree feedback if you don't think you'll get the right level of candor through direct conversations. The more honest you are about your superpowers and how you can best add value, the better you'll be able to support the company's growth and continue to be excited about your personal impact.

## Conclusion

Innovation isn't easy, but it is simple— come up with something no one has before, something that has the potential to change people's lives or businesses for the better. What comes next is much more complicated. Multiple products. International expansion. Teams of teams. Growth financing. The list goes on. You need to push yourself out of your comfort zone again. Do things that don't scale for new products and initiatives. Then do it again. Your work isn't done, but you're well on your way. Onward and upward.



A serial entrepreneur and operator, **Raghav "Rags" Gupta** has worked with a number of startups and scaleups and achieved multiple exits, including being part of the founding management team at Brightcove (IPO), Chief Commercial Officer at Videoplaza (acquisition), GM EMEA at Ooyala, and COO at Humatics. He is currently President of Butlr, the breakthrough proptech startup, as well as Venture Partner at Hyperplane Venture Capital. Rags is an active angel investor, mentor, board member, and advisor working with the likes of MIT Sandbox, Harvard Launch Lab X, Dvinci, Elucidata, and Asylon, among others. Rags studied operations research at Princeton University and lives with his wife and two children outside of Boston.

***One to Ten: Finding Your Way from Startup to Scaleup*** by Rags Gupta. © 2021 by Rags Gupta Summarized by permission of the publisher, Lioncrest Publishing. 250 pages, ISBN 978-1544522869.
Summary copyright © 2022 by Soundview Book Summaries ®

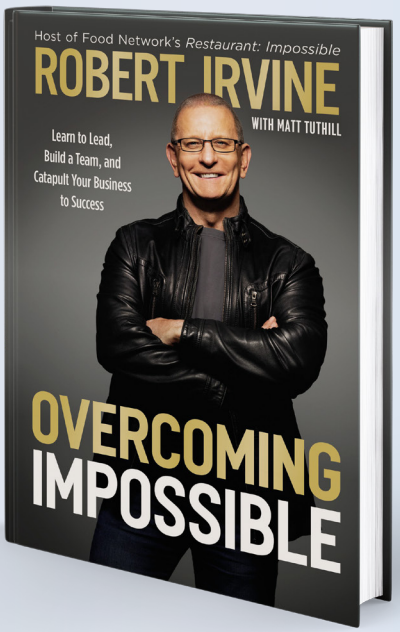
· Book 40 of 67 ·

# Overcoming Impossible

Robert Irvine

# BOOK SNAPS™

Zooming In On Your Next Read




## Overcoming Impossible

**Learn to Lead, Build a Team, and Catapult Your Business to Success**

*By Robert Irvine*

**Robert Irvine** is a world-class chef, entrepreneur, and tireless philanthropic supporter of our nation's military. The host of Food Network's hit show Restaurant: Impossible, he has given struggling restaurateurs a second chance to turn their lives and businesses around in over 200 episodes and counting. He would know a thing or two about running a successful business.

## Achieving Your Goals Isn't Impossible

Robert Irvine has countless hours of experience helping reinvigorate struggling restaurants and bringing them back to their prime. In addition, he has launched numerous successful enterprises on his own. Through all of this, he has developed techniques and has gained insight that can help other business owners thrive in areas where they are faltering. He shares that wisdom in his book, ***Overcoming Impossible: Learn to Lead, Build a Team, and Catapult Your Business to Success*** which combines solid teaching with numerous case studies of failing restaurants, most of which were able to successfully change their trajectory and gain both clientele and profit. Irvine breaks his book up into two sections. The first section is about overcoming seemingly impossible situations in business, and the second section talks about overcoming seemingly impossible barriers in one's mindset. Nowhere in his book does Irvine say that successful businesses can be built without hard work. In his introduction, he calls the work Herculean. His hope is that his book will help people recognize obstacles and then "approach, avoid, or overcome them."

### Trust and Accountability

One of the obstacles Irvine is insistent on helping his reader overcome is that of micromanaging. He refers to this tendency as the number one business killer. He believes that it is important for business owners to trust their employees. In his words, "I trust that my employees will call upon all their creative faculties and passions and bring them to the table every day." In order to ensure that the employees he hires are trustworthy, he makes sure to use every tool he has before hiring them to ensure that they can do the job properly. In general, he does not believe in hiring people on a trial basis as he believes that denotes a lack of trust in the person. He believes that in people with high character, being trusted actually increases their work ethic. Micromanaging these same people, however, diminishes the amount of benefit they can provide for the company.

Along with hiring high caliber people, Irvine believes it is important to both set high expectations and to lead by example. He reproaches the owner or manager who believes they are above the most menial of tasks. He says that he, himself, is known for mopping floors and cleaning grease traps as necessary. He believes that participating in this work helps increase bonding between

upper and lower levels of employees. Along the same lines, he believes that it is important to invest in his employees. He makes sure to ask them about their lives; this, he believes, will help get employees then invested in the goals of the boss. Sometimes after investing a lot in employees, they will leave and go elsewhere, but this does not bother him. These people will then go praise the owner and business in their new spheres.

Irvine also sees the value in accountability in business. He says he is not looking for apologies when someone makes a mistake. Rather, he wants people to come up with and present solutions to the problem. On the flip side, he also believes it is important to praise employees who do well. This ensures that "you treat both sides of accountability – the good as well as the bad – with the same amount of attention." Irvine understands that being the boss can make it hard for a person to truly understand what is happening in an organization because people will want to hide certain things. In order to understand what is truly going on with people, bosses have to have conversations with people at all levels and push them to share as much information as they can.

## Business Growth

Next Irvine moves on to discuss growing a business. In professional situations, he always prefers to be prepared or even over prepared than to have to scrape by at the last minute. He understands that oftentimes with big projects, the people working under him may know more than he does about what is happening. In these situations, he finds it imperative to go in and ask how he can be of help. He sees this as a sign of strength and that it shows his people that he has faith in them. Part of being able to run a business in this manner involves the proper training of staff. He believes in training specialities. He believes it is less helpful to train large numbers of people in large training sessions than it is to train on a smaller scale. People can retain more information in these smaller sessions. Irvine believes that it is important to sample and have the employees sample everything they do because just because someone learns how to do something does not mean they can always stay consistent.

Irvine cautions about the pitfalls of scaling up. He says that scaling is not just a matter of doing what a company is always doing at a larger scale. Oftentimes this will not work, and he draws a comparison to scaling up a pancake recipe that just does not work in larger batches. When it is not possible to simply do the same thing on a larger scale and when time constraints do not allow for doing the same small scale operations much more frequently, it is important for business owners to rely on their experience. He believes people's instincts have taken them far, and they should trust them when appropriate. He advocates without hesitation against taking shortcuts.

## Unexpected Obstacles

Writing this book in the wake of the Covid-10 pandemic, Irvine is ever cognizant of the possibility of unplanned interruptions and setbacks. In the face of these, he gives some best practices. Among these are

"Dont' Panic."

"Stay Engaged with Your Customers"

"Engage with Your Employees"

"Secure Your Data."

"Be prepared."

## Selling and Social Media

Irvine starts his next session by discussing an encounter he had with a friend after a television network turned down Irvine's proposal. The friend said that it sounded like a good idea and said that the network just didn't get it. Irvine explains that in such situations, it is not the job of the recipient to get it; rather it is the part of the salesperson to sell it. When it comes to sales, he believes that data is key as he says that decision makers do not get to where they are simply by trusting their gut. Salesmanship can help close a deal, but data is what is really needed. He believes that everything done in an organization can be turned into data. For people who are hesitant about selling, he encourages them to turn their pitch into a story and tell the story of why they love the product and company. This will feel less like slick tricks, he says. Honesty, he says, is crucial. If a product is not right for a company or individual at a time, he encourages people to be honest about that. While it could lead to the loss of a sale, the good will could prove beneficial in the long run through an increase in goodwill.

Irvine then turns his attention to social media. Irvine believes it is important for a person to find their voice on social media. He says, "I've found that the more honest you can be, the better your chances are of connecting with, and eliciting a response from, your audience." He thinks opportunities to blend the personal and professional are beneficial. About social media he says, "You are blessed with owning a business in the age of social media – a golden time in history when you can reach anyone on the planet in an instant." He encourages trying to garner highly engaged followers, and he explains how this is more difficult for businesses than it is for celebrities because celebrities are already known and do not have to generate attention on social media like less well-known people do. He believes that people value vulnerability online. He also believes that positivity is a trait that the most popular social media accounts have. He does not advocate getting involved in social media wars or chiming in on the issue of the day unless it directly affects the business. After all, those comments, while popular today, can come back to haunt a business in the future. It is okay, he says, to say nothing on social media when nothing of value can be added to a conversation even if followers are demanding a response.

In his final chapter in the first part, Irvine discusses money, and he begins by recommending that people do not get into business relationships with people they are close to. Problems arise and more money is frequently needed for projects, and this could ruin a relationship. But he also believes that people need to surround themselves with positive people who encour-

> The community helps the business, and as such, the business should then turn around and help the community."

age their goals. If a person speaks negatively against a person's goals, it is best that the recipient of the criticism attempts to distance themself from the other person. Within this topic of money, Irvine believes it is important to give back to the community at a level appropriate for the business. The community helps the business, and as such, the business should then turn around and help the community.

## Knowing Your Why

Irvine then moves on to his section of "Overcoming Impossible in Your Mindset." He begins this unit by encouraging his reader to know their why. He says that "Starting a business requires time, energy, and expertise, but the driver behind all those factors is passion." He wants people to pursue paths they truly believe in. He encourages his reader not to get distracted by what other people are doing. In addition to passion, he encourages people to find what they are good at as people can get off track by chasing trends. That being said, passion and talent are not always enough. Products can fail anyway. He says that failure is part of the endeavor and that people should give themselves room to fail. He also believes that it is important not to broadcast opportunities or success too early on as deals can fall through for any number of reasons.

Irvine then moves on to discuss managing ego. He wants his reader, as well as the people who come on his television show for help with their restaurants, to consider what necessary changes they have avoided making because of their ego. He encourages people to consider this in their personal lives as well as in their professional lives. He acknowledges that people, including himself, work incredibly hard, but he also maintains that every person who has been successful has also had a lot of help along the way.

## Risks and Goals

After discussing some cliches that he wishes people would forget, he begins to discuss daily goals. He says, "In short, the micro becomes the macro." By this he means that people must pay attention to their small habits, and he wants people to consider how they can obtain wins each day. He suggests that people begin their day with gratitude, set their intentions for the day, and make sure to get physical movement each day. He then tackles procrastination and says that procrastination is simply fear. Sometimes people fail to bring their ideas to fruition or they learn that they were a bad idea. He says that what matters at that point is the story people tell themselves about their failures. If a person does not find a way to put failure in the proper perspective, they may be more likely to procrastinate more in the future. He encourages people to put into practice a bias towards action and then to work with persistence.

Irvine acknowledges that there are real risks involved in starting new ventures. These prices can be paid by both the individual as well as by others in their sphere such as spouses, children, and parents. He urges people to make sure that all of the people who stand to lose are willing to pay the price of potential failure. People, he says, need to take inventory of those around them and make sure they are supportive.

## Moving Toward Success

Irvine then moves on to talking about work-life balance. Irvine says that being a success takes hard work, and that a solid work ethic can be learned. He suggests that his readers give themselves a pep talk each morning to get themselves ready to work hard throughout the day. He says, "Saying yes to your dream means saying no to a lot of the other little things that you'd also love to have."

Irvine closes out his book talking about positioning oneself in the path of people who can help with business. He also discusses learning to appreciate the value of adversaries. Throughout the entire book, Irvine maintains that hard work is necessary to building a successful enterprise, and he shares countless examples of how this is true in the restaurants he has helped. Through his short case studies from these restaurants, the reader can see how failing to use his principles can lead to trouble and how those troubles can be remedied. The path to success is not a short one, and he urges his readers to consider the time that must be invested in order to make their business a success and to also consider the regret that could ensue should the reader decide to give up on the dream or decide the dream is not worth the cost. Irvine poses these questions with compassion as well as with hard won insight into their implications. The combination of principles and restaurant anecdotes in his book make this an engaging read with real world practical application.

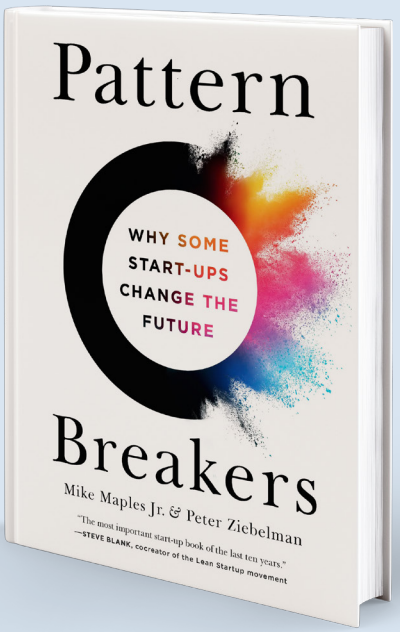
*Book Snaps*™ is a publication of Soundview Executive Book Summaries® ©2022 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited.

· Book 41 of 67 ·

# Pattern Breakers

Mike Maples, Peter Ziebelman

Book Snaps™
In-depth reviews of best-selling business books.




## Pattern Breakers

### Why Some Start-Ups Change the Future

*By Mike Maples Jr and Peter Ziebelman*

**Mike Maples, Jr** is an entrepreneur, venture capitalist, podcaster, and the co-founder of FLOODGATE, a leading seed stage fund in Silicon Valley that invested in companies like Twitter, Twitch, Okta, and Outreach at the very beginning of their startup journeys. An eight-time member of the Forbes Midas List of Top Venture Capital investors, he was one of the pioneers of the seed investing movement.

**Peter Ziebelman** splits his time between academia and the business world. He teaches as a lecturer at the Stanford University Graduate School of Business, where he is the principal instructor for the popular graduate school course on entrepreneurship and venture capital. He has also lectured for the Wharton School and the University of Chicago.

*A Book Review by Soundview*

# Break the Pattern to Achieve Success

In their book, ***Pattern Breakers: Why Some Start-Ups Change the Future***, authors Mike Maples Jr and Peter Ziebelman set out to explain to readers what it is that makes some start-ups truly revolutionary. They do not focus their attention on start-ups that seek out weaknesses in certain markets and create products that can fill those unmet needs even though these types of start-ups can prove to be successful. These types of start-ups can also be risky as current giants in the markets can capitalize on the successes of the start-up to improve their own companies to meet that same need. No, what Maples and Ziebelman focus on are start-ups that truly revolutionize the way people live their lives and the way tasks are completed. The first half of Maples and Ziebelman's book is focused on pattern breaking ideas while the second half is based on pattern breaking actions.

Maples and Ziebelman begin their book by talking about both the importance of patterns and of pattern breaking. Human beings are naturally inclined to search for and create patterns in their lives. This very human tendency towards patterns, however, does not readily allow someone to suss out an idea that is truly capable of changing the world. This type of revolutionary idea requires someone who is willing to break the rules and to find a different path.

Maples and Ziebelman base their book on what they call inflection theory. This theory revolves around a few key principles. First of all, there must be an inflection point. This is some force that has fundamentally changed something about life that can be capitalized on. An example of an inflection is the fact that the iPhone 4s included gps. Maples and Ziebelman explain how an inflection like this must be some fundamental "turning point in the way people think, feel, and act: a change in what they value, what they believe, what they can do, or what they are willing to do." Start-ups themselves do not create the inflections. The inflection is an outside force that the start-up then utilizes.

What is next required is insight. This simply refers to the insights innovators find into the way this inflection, in this case gps on smartphones, can alter some aspect of society. Next an idea is required. An idea then refers to a potential product that can

capitalize on this inflection and insight. One idea that came from GPS enabled smartphones was Lyft and Uber. The GPS allowed drivers and passengers to find each other instantly, and this revolutionized the way people move about. Oftentimes initial products will fail and innovators must continually change and tweak their ideas until they find something truly groundbreaking. Lastly, people need a movement. This is a group of people firmly committed to the idea who can help propel it forward.

## Inflections and Nonconformity

It is important that start-ups go beyond merely making the present better. Instead, founders must be living in the future, envisioning something completely different from the current status quo. It is not about improvement; rather it is about invention. Start-ups, say Maples and Ziebelman, "use the power of inflections to create a new game with new rules that they define. They force a choice and not a comparison. Technological advances are not synonymous with inflections, but Maples and Ziebelman explain how advances in technology can provide opportunities which can "empower people with radical new capabilities." Maples and Ziebelman offer a stress test by which to examine whether an idea taps into inflections." First, founders need to evaluate whether they have chosen a powerful inflection to bring about a previously unimagined possibility. Second, they need to consider who would use this capability and why these people would be highly invested in using it. Finally, they need to consider the circumstances necessary to allow this inflection to change lives. Considering these questions can help founders determine what is and is not worth pursuing.

Maples and Ziebelman consider timing to be one of the biggest risks founders face because as they write, "If you act too quickly to harness it [the inflection], you've got a science project…If you act too slowly, you've got what is now a conventional idea, embraced only after it became obvious to too many others – leaving your idea to compete against a crowded field." Because of this, Maples and Ziebelman are not as concerned with whether an idea was tried before. Rather they are concerned with the question of what current inflection has emerged that could make an idea appropriate for the current time. They note that inflections do not have to occur before the birth of a start-up because sometimes inflections come along that can change the trajectory of a start-up still in its infancy. Part of this is why the stress test they previously advocated for is important. It is not enough to come up with an idea that sounds good; that idea must be based on an inflection to be truly revolutionary.

Maples and Ziebelman prefer to see product demos as opposed to slide presentations about new ideas. These demos should be a "tangible mock-up for early customers – and investors." The demo provides a few key insights. First it shows what founders believe is important and what is less important. Furthermore, it lets customers and investors know whether the product is actually viable or if it is just a hope for the future.

## Insights

Maples and Ziebelman move on to discuss insights which they define as the connection between the inflection and the eventual product. They state, "an insight is a nonobvious truth about how to harness one or more inflections to change human capacities or behaviors in a radical way." After all, the presence of new or improved technology does not guarantee that this technology will be used in innovative and effective ways. For an insight to be effective, it must both be right and non-consensus. When insights are right, people want them. Being non-consensus is important because consensus products likely have numerous obstacles including "new competitors, pricing pressure, longer sales cycles, [and] faster retaliation from incumbents." Furthermore, if there is instant consensus, it is likely that the insight is too similar to other ideas that have already been developed. Despite the benefits non-consensus insights provide, they are difficult to follow because many people will not understand the insight at first. Non-consensus has the benefit, however, of giving founders time to test and learn because there is no immediate competition. This is important to a vulnerable and resource-strapped startup.

Just as Maples and Ziebelman advocate for stress-testing inflections, they also insist on the importance of stress-testing insights. There are four criteria they insist are of value. First, a founder needs to determine whether an insight is actually true. Second, the insight must not be obvious. Third, it must be based on inflections. Fourth, founders need to consider timing and understand why now is the best time for this insight to come to fruition. When it comes to timing, Maples and Ziebelman maintain that the best insights combine both established infections with new ones "to create something radically different."

Insights are prone to failure. This can happen for a number of reasons. First an idea needs to be prompted by a new insight. Second, an insight can fail when the founder's prediction of the future is not accurate. A third reason an insight could fail is if the powers that be can easily compete with it and come out victorious. Maples and Ziebelman believe, however, that the biggest reason for failure is "a lack of specificity."

## The Present and The Future

Maples and Ziebelman maintain throughout the book that it is important that founders live in the future rather than in the present. They must be "immersed in the process of cultivating new patterns of thinking, feeling, and acting through ongoing interaction with new, empowering technologies and with other people who are also living in the future." Breakthrough ideas, they maintain, are not about having a better vision of the future; rather they are about "living in the future and interacting directly with what's new about it." This is so important because someone wishing to innovate must be able to move past the assumptions inherent in their own time. Maples and Ziebelman insist that the way the world looks now is not the only conceivable way it could look. People wishing to harness the power of inflections need to join with other future-lookers to tinker with the other available options. While living in the future, however, it is important that founders avoid attempting to solve a non-existent problem. Maples and Ziebelman claim that this usually happens when a founder has fallen so in love with their chosen solution to a problem that they fail to see whether it actually

> *Visionaries create their own boundaries rather than live by the ones already in place."*

solves the given problem. What founders need to do, then, is to instead fall in love with the actual problem. This requires an honest understanding of what the future is likely to entail.

The authors understand that many would consider the development of any new product as living in the future, but this is not the case. Living in the future requires founders to ask themselves two key questions. "Should I build my start-up based on the assumption that the future will be a continuation of the present, following similar patterns and rules? Or do I build for a future that I believe will be radically discontinuous, where the norms of today shift dramatically?" It is easier to find investors when a founder assumes the future will be a continuation of the present, but the very rules that create the present climate will restrict a founder's ability to create true and meaningful change and innovation. Visionaries create their own boundaries rather than live by the ones already in place. Living in the future can also be difficult because people do not know the obstacles inherent in that future, and therefore there are scant resources and solutions to be found. Founders can help themselves, therefore, "by getting familiar with the unfamiliar." Another way innovators can live in the future is by seeking other like minded people, and this can be done, in part, through online forums like Reddit which Maples and Ziebelman consider to be "an ideal testing ground for innovative concepts."

## Implementation Prototypes

Maples and Ziebelman quote theoretical physicist Richard Feynman as saying "We are trying to prove ourselves wrong as quickly as possible, because only in that way can we find progress." They warn that founders can make the mistake of creating a minimal viable product that is less than successful if they do not do a stress test. One reason the stress test is important is because of the local maximum. Maples and Ziebelman explain the local maximum by having their reader imagine a mountain climber. This mountain climber may climb the mountain, excited to reach the top, only to get to the summit and realize there are still higher peaks to climb.

Maples and Ziebelman suggest creating implementation prototypes to determine the "most important benefit" their idea can provide as well as to help a founder determine which customers to pursue. To explain what an implementation prototype is, they describe Textbookflix. The founders of Chegg created this prototype to determine whether they could rent out textbooks online. Textbookflix was only an implementation prototype because it was only meant to test the viability of the idea. Potential customers could put items in their cart, but they were never allowed to check out. This is because Chegg did not have all of the infrastructure in place to make this site viable at the time. They wanted to make sure that people would be willing to use the service before they took that next step. Ideally this prototype will just go beyond confirming expectations and should actually provide surprising results. For example, Chegg realized that students were willing to pay far more to rent textbooks than they originally assumed, making it easier for Chegg to get funding.

There are a few things to keep in mind with implementation prototypes. First, it is important that people pay attention to both positive and negative surprises. Negative surprises are helpful because they can alert innovators to whether the implementation or insight was wrong or if they are seeking out the wrong people. It is important that the target is desperate for the product. Most people will not be desperate, but these people who are desperate are the ones who will be most likely to spread the news about the idea. In addition, it is important not to include too many benefits when presenting new products because these benefits can blunt the message of the most important points. Paradoxically, too many benefits actually make it harder for customers to process the decision of whether or not to purchase. It is important, then, that the implementation prototype is created to answer the most important questions founders want to validate. In order to stay on track, Maples and Ziebelman recommend creating a limited amount of time within which this process takes place to avoid procrastination and to help people stay focused. Lastly, it is important that founders do not settle. Not all ideas need to be pursued even if they prove viable.

## The Team

Maples and Ziebelman write about the importance of finding true believers. These include the "start-up team, initial customers, and collaborators, and even investors." It is important that all of these people are passionate and feel empowered to help bring the proposed future to fruition. They call these people co-conspirators. One reason these people are so important is because of pushback from people who do not share the founder's vision for the future. Maples and Ziebelman explain how start-ups often work differently from well-entrenched organizations. They compare start-ups to a jazz band rather than a marching band. Start-ups are less focused on a clear chain of command because all people need to be on board and be a part of numerous or all different aspects of the start up. People must be willing to give everything they have to make the start-up a success. There are certain things Maples and Ziebelman recommend looking for in co-conspirators. First, start-ups should work to find people who can help mitigate the largest risks the start-up faces. In addition, chemistry between people is significant because of the importance

of trust in a start-up. This does not mean that people cannot argue, merely that people are able to work together to achieve the desired outcome. Maples and Ziebelman also believe it is vital that all start-ups have a superbuilder, someone who is capable of rapidly implementing any necessary changes.

It is not just the start-up team that is important, however. Start-ups also need to find passionate believers to be their early adopters. This is about quality more than it is about quantity. These customers need to share a founder's belief in the future, not just be interested in purchasing a product. These people need to be living in the future, and they will be key promoters of the product if they get fully onboard. The same is true for investors. Maples and Ziebelman write that "just as you want an early start-up team and customers who buy into your insight and want to co-create a different future with you, you need the same in your early investors." When investors do not believe from the beginning, it is very difficult or impossible to change their mind until the idea is already proven. Therefore, it is best for founders to just move on and find people who believe from the beginning.

## Movements

Maples and Ziebelman discuss the importance of developing a movement. They state, "you need to pull real people in the real world toward the future you're living in." This is difficult because at this point the start up does not have any products or customers yet. To get people on board, Maples and Ziebelman believe it is best to change the rules rather than to try to compete with incumbents on their terms. Simply said, "a movement is a group of people with a shared belief in moving together toward a different future." This requires people to function outside of the set system. To overcome incumbents, many use the advantages of established organizations and turn their advantages into disadvantages. An example of this is Airbnb. Hotels used to capitalize on the fact that a person staying in their hotel in one city will have nearly the same experience as those in another country or even on another continent. Airbnb was able to use this against hotels by emphasizing how Airbnbs can allow travelers to live like local people do. Viewed through this light, the hotel's previous advantage is now a disadvantage.

Part of starting a movement is telling a compelling story. These stories can be passed from person to person quickly. An important step in crafting a story is knowing what it is the start-up wants to say which is often more important than how it is said. Still, wording is important as it helps to prompt action in people. One way to craft the story is to determine where a product stands in relation to the status quo. In addition to positioning a product against the status quo, a good story often also appeals "to a higher purpose."

Through convincing readers to start with inflections before moving on to insights and ideas, Maples and Ziebelman help their readers conceive of truly compelling futures that break the status quo and create what has never before been imagined. This is difficult and requires founders to be able to stand up to the status quo and push on when many do not believe in the vision. Knowing that many start-ups fail can make this process more daunting, but throughout their book Maples and Ziebelman provide guidelines and recommendations that can help founders determine whether or not to take the risk required to move forward.

*Book Snaps*™ is a publication of Soundview Executive Book Summaries® ©2024 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited. FBR1124A

· Book 42 of 67 ·

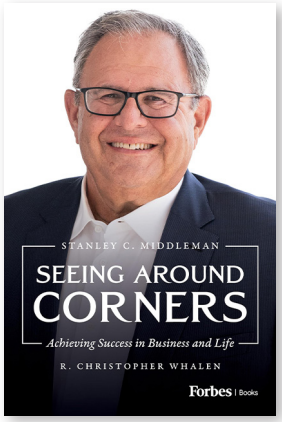
# Seeing Around Corners

R. Christopher Whalen

Executive Book Summaries®

# Seeing Around Corners

## Achieving Success in Business and Life




*by* **R. Christopher Whalen**

## Contents

Chapter 1: The Graduate
*Page 2*

Chapter 3: Lessons from the Disco Deli
*Page 3*

Chapter 4: Fear and Consistency
*Page 4*

Chapter 7: Jobs and Inflation
*Page 5*

Chapter 9: Financial Crisis to COVID-19
*Page 5*

## THE SUMMARY IN BRIEF

Rags to riches stories are always inspiring – we can identify with the protagonist and all of us wish we were in their place. Relatable and very motivational, such books can inspire just about everyone to seek proactive change in their life.

In ***Seeing Around Corners: Achieving Success in Business and Life*** R. Christopher Whalen tells entrepreneur Stanley C. Middleman's story. While it takes the reader on a rollercoaster of a journey, the book also shares Stan's principles for achieving business success. From Stan's humble beginnings in Philadelphia to building one of the largest mortgage companies in America, the book offers the reader equal parts a memoir and a business strategy guide.

Stan Middleman has long been perceived as a business inspiration and an outstanding example of the classic American entrepreneurial spirit. Through hard work and a clearly defined vision, he's been able to navigate change and build Freedom Mortgage from a small regional firm into one of the largest privately held mortgage companies in the US.

## IN THIS EXECUTIVE BOOK SUMMARY:

- Achieve great success in your career or business.
- Learn what adversities you'll need to overcome along the way.
- Understand the importance of consistency and staying true to your vision.
- Discover the best ways to handle life's unforeseen circumstances.

## Introduction

This is the story of Stanley C. Middleman, the eldest child of a working-class family from Northeast Philadelphia circa 1954. It is the genuine tale of an American entrepreneur who failed several times in his early endeavors yet persevered. Through focus, discipline, and sheer personal will to be successful, Stan created enduring achievements.

## Chapter 1: The Graduate

The story of Stan Middleman's long journey to financial success is also about individual discipline, trial and error, and how this deliberate approach leads to enduring accomplishment. Stan was born in 1954 and grew up in a middle-class neighborhood in the city of Philadelphia. Much of Stan's sense of responsibility was the result of his mother holding him accountable for the whereabouts and actions of his siblings. His mother's expectations for Stan shaped his sense of responsibility.

By the time Stan reached college in the early 1970s, his parents decided to move to Florida with his younger siblings. Stan's dad, Lenny Middleman, had a job in Philly, but he wanted to be his own boss and go into business for himself. The family home had gone up in value by more than double in the years that the Middleman family lived in Northeast Philly, an interesting commentary on the level of home price inflation in those days.

In 1976, Stan was a senior at Temple University and while attending college, he worked for a large regional lender called Girard Bank, which was headquartered in Center City. He worked from midnight till seven in the morning. A dedicated employee, Stan worked nights at the bank while taking classes full time and also working as a substitute teacher in the Philly public schools.

Working in the back office of a bank was an interesting job for a college senior, but like most college students, Stan was still just scraping by even after working two jobs. "My salary was so low that I collected food stamps," Stan reflected. "My two jobs combined didn't leave me with enough money to feed myself."

Always modest and self-deprecating, Stan freely admits to being someone who falls into the desperate category when it comes to seeking economic success. He was not gifted in any particular fashion outside of the desperation to succeed. Stan didn't want to work two jobs like he did in college. He wanted to be watching the game, not working the game.

"I didn't start off being philosophical, yet I seem to wax on," Stan reflects. "I'm self-taught. I don't think that I'm super skilled, although I have certain gifts. I would say that my great overriding gift is the ability to exploit my desperation."

Stan defines success as an achievement that you need to be able to point to, to identify and measure. Oftentimes, discussions of success and happiness meld together, but Stan is not just talking about happiness. Each individual has different obstacles to hurdle in their quest for contentment. While positive feelings are often a by-product of achievement, happiness is not the same as a successful business career or monetary success. Whatever we do to create success needs to have a quantifiable outcome, Stan believes.

## Chapter 2: There's No Advertisement for Boss

The Bicentennial celebrations in Philadelphia during the summer of 1976 were the biggest tourism opportunity to hit the area. Stan was determined to take advantage of this singular event. For a good part of the summer, Stan's vision for his first business opportunity was proven correct. Indeed, the business took off seemingly on its own and quickly became a big management challenge for a young man with no previous experience operating a business.

The first business lesson Stan learned that summer is that scale begets complexity. A business with one employee and one stand could be tightly controlled. In a relatively short period of time, though, he had many stands selling all different products. The complexity of the business multiplied.

Somehow, with little in the way of capital and a lot of energy, Stan was able to continually meet those demands. Although the process of scaling up the business was fast and fairly efficient, he was suddenly interrupted by an act of nature. This experience illustrates Stan's second principle, Then Things Change, namely that things in business and life can and do change, sometimes very quickly and without warning.

On July Fourth of 1976, there was an enormous thunderstorm late in the afternoon and into the early evening. All the T-shirts on all of the tables were caught in the downpour and got soaked. "I remember watching T-shirts float down the gutters along the street on Independence Mall like mini lifeboats," he recalls ruefully.

By the end of September 1976, when the tourist season came to a screeching halt, he was stuck with an excess of invento-

What Stan had in abundance was a willingness to work hard and devote his enormous energy to try to be successful.

ry. Stan stopped buying new inventory and, instead, started consolidating stands. By November, Stan was still outside in the cold, selling souvenirs to the trickle of tourists who came to visit the town as fall turned to a brisk Pennsylvania winter.

The next several business opportunities that came along were from two older gentlemen named Felix and Tom Clauss, whom Stan met via a classified ad in the newspaper. At the time, these veteran businessmen earned their money by buying businesses, rehabilitating other people's mistakes, making the businesses more profitable, and then selling them.

The Clauss family was looking for someone to run a local locksmithing company they had just purchased, Alarms and Locks Unlimited. What Stan had in abundance was a willingness to work hard and devote his enormous energy to try to be successful. The Clauss brothers gave Stan the latitude to run the business, and he almost immediately invested in advertising to grow the customer base. He continued learning from every task involved with managing and growing the business.

From this experience, Stan learned perhaps the most important lesson in any commercial endeavor: hire good people to help you grow the existing business and thereby leave you with time to focus on the next opportunity. This leads us to Stan's third principle, namely, 'The

Power of a Shared Vision.' Whether you are Henry Ford or Stanley Middleman running a small business in Philadelphia, it takes a team with a shared vision, hard work, and some considerable luck to build an enduring business enterprise.

## Chapter 3: Lessons from the Disco Deli

With Stan's previous work experience selling souvenirs and working as a locksmith, taking a job managing a restaurant was an entirely new adventure.

The new business investment by the Clauss family was called the Calico Kitchen.

When Stan started as manager of the Calico Kitchen early in 1977, all the necessary skills involved in running a food establishment had to be learned and developed from scratch.

"Working to deliver a quality experience to people each and every day in the food service business is a challenge," Stan reminisces. "To operate the restaurant, I had to learn about food costs, bringing in customers, advertising, and hiring and managing many different employees (including some who stole)."

"There were many challenges, risks, and experiences, and not many people to turn to for answers," says Stan. "It is often said that you become wise when you appreciate the limits of your understanding, the holes in your knowledge, but I was still way down the learning curve."

Though Stan was working as a manager of a small restaurant in Northeast Philly, he still saw himself as an entrepreneur with inventive and interesting ideas.

When Stan saw an opportunity for growth, he jumped on it. The restaurant had a very young staff – many of the people were recent high school graduates. Stan was comfortable working with these kids because of his experience as a substitute teacher.

One of the young people working at the restaurant worked as a DJ part time. He asked Stan if he could throw a party after work for his friends. The DJ offered to pay a hundred bucks to use the back room. Stan thought it sounded like a great opportunity. So, when the restaurant closed for the day, they moved the chairs out of the rear dining room, which was a big-enough space to use as a party room.

The venture was a major success and Stan was soon hosting parties on a regular basis. That is, until the landlord decided to pursue Calico Kitchen's eviction because the noise and the parties were affecting the other businesses in the mall.

The experience of having the Calico Kitchen shut down by the landlord taught Stan that people who seemed like friends could quickly become enemies and that failure could be delivered by the strangest of sources. Everybody is not on your side. Not everybody wants to see you succeed,

he now understood. The failure of the Calico Kitchen confronted Stan with a number of lessons, illustrating yet another key principle: 'Learn from Every Mistake.'

## Chapter 4: Fear and Consistency

With the failure of the Calico Kitchen, Stan had to again take stock of his life and decide upon the next course in terms of pursuing a career in business. He took a job in sales at the Pennsylvania Life Insurance Co. Stan began his journey into insurance by learning the world of health insurance and hospitalization coverage but soon learned about all of the other insurance products including life, property casualty, and annuities.

"Once I had proven my ability to sell and to learn all of the aspects of selling annuities, I was given the opportunity to teach new recruits," Stan recalled those early days.

Stan not only learned how to teach people the annuity business, but he also became adept at training different types of people. This experience training and mentoring his colleagues at Penn Life was a new version of his role as the big brother to his two siblings.

Having the responsibility of managing his growing business unit at Penn Life set the stage for the next phase in Stan's career, when he would go out on his own. By 1983, his partner George and another individual whom Stan had trained left Penn Life and went into business together. They operated under the name of East Coast Financial, selling insurance and annuities.

## Chapter 5: From Annuities to Mortgages

Stan was still a young man when he began his career in finance in the 1980s.

His firm developed a new offering, and the pitch went something like this: we can reduce the length of your mortgages from thirty years to fifteen years and keep the monthly payments the same. You've already shown that you can afford the payments. The idea was that the client would pay off their house in fifteen years and end up with a greater amount of savings in their annuity, possibly as much as $100,000. The borrower could pay off their house and live debt free with a sizable amount of money put away.

For Stan, combining the annuity product with a shorter mortgage seemed like a great way to boost sales and also help people accumulate wealth. Stan thought this product offering was a great idea, but he wanted to test it out with other people.

Once he was ready to go to market, Stan was able to do business with four of the seven people whom he had contacted on his block. It turned out that it was a lot harder to get people to understand the concept of the annuity and invest in it than it was to convince them to lower their mortgage interest rates and pay off their house sooner.

There was also another data point for his analysis: Stan was making more money on the mortgages than he was making on the annuities. The annuities were not only muddying the water and diminishing people's confidence in his product, but they were also hurting sales overall.

Faced with a growing body of data from his sales effort, Stan adapted and changed. In 1985, in a fateful but ultimately necessary turn in his career as a business owner, Stan decided to gradually get out of the annuity business with his partners and start a new business focused on the mortgage product exclusively.

## Chapter 6: Mortgage Banker

When Stan started Freedom Mortgage in 1990, he had a couple of specific motivations and objectives in making the change. He wanted to become a mortgage banker rather than merely a loan broker. Stan also felt that could better handle the state compliance for lenders in one centralized firm rather than in separate businesses, which he had set up in each state under United Financial.

Stan Middleman entered the world of consumer lending at a time when the US economy was still recovering from the Great Depression and World War II, when large banks dominated all aspects of finance. While millions of words have been said and written about the subprime mortgage crisis of 2008, many people still don't understand that it was largely commercial banks that widely introduced subprime mortgage loans as a product to the US housing market. Stan was a witness to this momentous change in the world of mortgage lending.

Even when Stan was first getting started in the mortgage business, big banks still dominated the financing of the US economy. As a young mortgage banker operating in the Philadelphia market, Stan Middleman had a front-row seat, as the market for subprime mortgages was born.

In order to navigate through the lean years of Freedom Mortgage's first decade, Stan rebuilt the organization over and over, an experience many lenders today understand all too well.

In order to navigate through the lean years of Freedom Mortgage's first decade, Stan rebuilt the organization over and over, an experience many lenders today understand all too well. They needed to acquire new and different skills to perform the key tasks involved to make and sell a loan. They had to get better at these tasks to lend at acceptable price levels to create profitability. The adoption of automated statistical scoring and underwriting for mortgages, for example, was a big factor after 1995, when the industry applied the tools from credit cards and auto lending to approving mortgages.

As Freedom Mortgage went through a tough downsizing in the middle of the decade, a new business model took shape where anticipating changes related to interest rates and technology—that is, seeing around corners—and adjusting accordingly became the core skill set for Stan and his senior managers.

## Chapter 7: Jobs and Inflation

In the 1990s, Stan and his colleagues in the mortgage banking business witnessed the miraculous birth of the cell phone and other tools. There was a feeling of excitement, not just in the investment world but among the population generally as well.

Whereas the 1980s and early 1990s had been a tough time for many businesses and families, the late 1990s were a time of rising optimism and expanding horizons albeit tempered with a number of troubling financial market events.

In the late 1990s, though, consumer credit was not broadly available. People who had equity in their homes still could not get loans to refinance their mortgages.

By the time the mortgage industry reached the 2000s, mortgage banks were able to do much more than ever before by leveraging technology and improving people, from the chief executives right down to the team on the servicing floor or the call center. In 2000, Freedom Mortgage was a decade old and had reached the point where the team's execution was fairly reliable. Stan could count on the people and organization that he had groomed to execute the plan and run the business day to day.

## Chapter 8: The Merry-Go-Round of Risk

Until the end of the 1990s, there was very little new home construction in the United States and thus a lot of unmet demand from consumers and investors. It was a situation not entirely dissimilar to what we see in the 2020s in terms of a lack of construction of new affordable housing. This shortage of inventory would soon explode into the lending and building boom of the early 2000s that led directly to the 2008 financial crisis. Stan described the merry-go-round of risk: The more things change in housing, the more things stay the same or at least repeat in cycles."

Working through the difficult period of the 1990s was a heck of a way for Stan and his colleagues to learn the business. It taught them that closing the loan and retaining control of the mortgage servicing asset was an important part of the business of mortgage banking and credit, a part historically controlled by banks. As Stan's understanding of the mortgage business grew, investing his cash into loan servicing as capital assets and focusing on credit made more and more sense and gave Freedom Mortgage more substance as a financial firm.

## Chapter 9: Financial Crisis to COVID-19

When Freedom Mortgage closed the acquisition of Irwin Mortgage Corporation's loan origination business in 2006 for $350 million, it ensured Freedom Mortgage's future as a government mortgage lender. Once the ink was dry, Freedom Mortgage had more than 2,000 employees in 150 offices nationwide. Yet, despite the promise and excitement

this transaction brought to Stan Middleman, within a year, the Freedom Mortgage team was in a five-year battle for survival. By 2010, all of the big banks took a step back from the mortgage sector.

Fortunately, Freedom Mortgage was able to maintain its relationship with J.P. Morgan Chase far longer than many other mortgage banks, a fact that probably allowed Stan to manage through this crisis.

In time, the market had to get ready for another big shake-up – the Covid-19 pandemic. As COVID-19 caused huge disruptions across the economy, the Fed was busily pushing down the cost of credit for residential mortgages by several percentage points, causing a huge surge in mortgage production and demand for homes that took the industry up sharply to just shy of $5 trillion in volume in 2020. This was the largest single year of loan production since the mid-2000s, when Countrywide and Wells Fargo controlled huge chunks of the lending and servicing market.

"In other words, mortgage lending profit margins in 2020 were an astounding 262 percent of the historic average, and still 133 percent of it in 2021," notes former Freddie Mac president Don Layton.32 "Even in a highly cyclical industry, that's an extraordinary increase during the dislocations of the pandemic."

Unfortunately, while 2020 and 2021 were extraordinary years for the mortgage industry, the period that followed in 2022 and beyond would be equally terrible in terms of falling volumes and profitability for most independent mortgage banks.

## Chapter 10: Turning the Next Corner

"Addressing a gathering of mortgage executives a few years ago, Freedom Mortgage CEO Stan Middleman made a blunt assertion," National Mortgage Professional proclaimed in 2018: "There are only two ways to make more money in mortgages: create more production, or take on more risk. For mortgage brokers who are staring in the face of another year of disappearing originations, Option 2 may be the only real option at all.

In writing this biography of Stan Middleman, we've had many opportunities to talk about his outlook for the mortgage industry and the US economy going forward for the balance of the decade. As usual, he was not lacking for opinions or for carefully considered perspectives on what lies ahead in terms of interest rates or housing prices. And as we've discussed in the previous chapters, Stan is not afraid to adjust the timing of his long-term outlook to reflect changes in how the economy and interest rates are unfolding in the wake of COVID-19 and related problems such as inflation. As much as entrepreneurs like Stan try to plan for the long term, a great deal of success in business comes down to tactical considerations.

What is fascinating about Stan's view of housing is that after three decades owning and managing a mortgage company, he continues to employ the basic guideposts of interest rates and employment to inform his business outlook. He adjusts his strategy and perspective to account for technological changes, political shifts, and the impact of the Fed. The order of the risk factors changes in each period, but the risks are basically the same.

What is fascinating about Stan's view of housing is that after three decades owning and managing a mortgage company, he continues to employ the basic guideposts of interest rates and employment to inform his business outlook. He adjusts his strategy and perspective to account for technological changes, political shifts, and the impact of the Fed. The order of the risk factors changes in each period, but the risks are basically the same.

## Conclusion

Stan has argued over the years that success in business is all about living in tomorrow and bringing people with you.

Despite his somewhat dire predictions about the mortgage industry at the end of the decade of the 2020s, Stan remains very excited about the future, both for himself and for his family at Freedom Mortgage:

"I am pretty excited about where we are today as an organization. The best is yet to come. We are going to get better at what we do, and we are going to continue to grow our financial and human assets. There are so many opportunities being created even as the housing market heads for a long-term price reset at the end of the decade."

That, at the end of the day, is what seeing around corners is all about.



R. Christopher Whalen is Chairman of Whalen Global Advisors LLC and focuses on the banking, mortgage finance and fintech sectors. Christopher is a contributing editor at National Mortgage News. He is a member of FINRA and Senior Advisor at J.V.B. Financial Group in New York. Over the past three decades, he has worked as an author, financial professional, and journalist in Washington, New York and London.

***Seeing Around Corners: Achieving Success in Business and Life*** by R. Christopher Whalen ©2024 by R. Christopher Whalen. Summarized by permission of the publisher, Forbes Books. ISBN 979-8887504087. Published by Soundview Executive Book Summaries®. Copyright © 2025 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 47SS03A

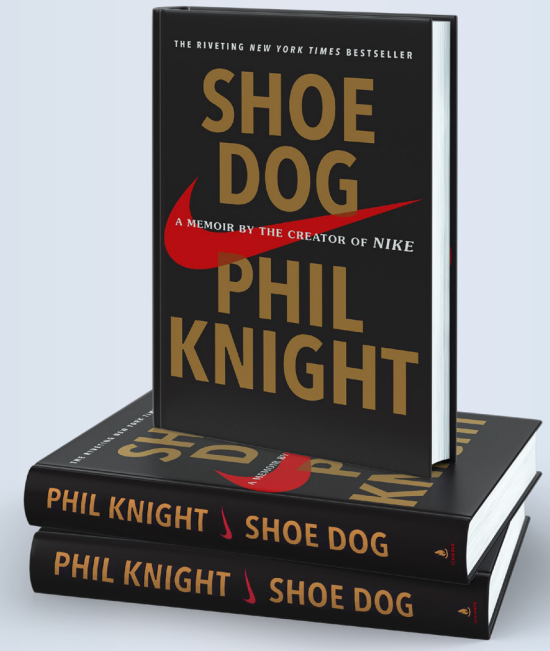
· Book 43 of 67 ·

# Shoe Dog

Phil Knight

# BOOK SNAPS™

Zooming In On Your Next Read




## Shoe Dog

By Phil Knight

One of the world's most influential business executives, Phil Knight is the founder of Nike, Inc. He served as CEO of the company from 1964 to 2004, as board chairman through 2016, and he is currently Chairman Emeritus. He lives in Oregon with his wife, Penny.

Copyright © 2018 by Phil Knight • Scribner; Reprint Edition

## A Bold Vision that Created a Brand that Changed Everything

At twenty-four years old, founder of Nike, Phil Knight was certainly an adult but he didn't have a clear idea of where he was going or what he wanted. He had recently graduated college with a master's degree in business and had moved back into his parent's house. Lying awake at night in his childhood bed he'd think, "This is me? Still?"

On a foggy Oregon morning in 1962, he was struck with a "crazy idea." While running steady sixteen-minute miles he pondered his place in this world. He felt an "aching sense that our time is short" and with the limited time he was given to live this life, he wanted his to be "meaningful, purposeful, important, and above all...different." As he ran, his limbs loosening and his lungs expanding, he suddenly landed on it. He filtered all that he wanted his life to be down to one word. Play.

He thought to himself, "that's it. That's the word. The secret of happiness, the essence of beauty or truth, or all we ever needed to know of either, lay somewhere in that" "pulsing half second before winning and losing are decided." Phil Knight decided that he "wanted that, whatever that was, to be [his] life, [his] daily life." He decided that life was a game and he refused to lose at it.

He had written a research paper about importing Japanese running shoes for one of his last classes at Stanford. The idea consumed him and his interest built in intensity and passion. It became his "Crazy Idea." This Crazy Idea showed him that he could feel what athletes feel, playing all the time, instead of working. He would enjoy his work so much that it felt like play. That morning in 1962 he told himself, "Let everyone else call your idea crazy...just keep going. Don't stop. Don't even think about stopping until you get there, and don't give much thought to where "there" is. Whatever comes, just don't stop."

This "precocious, prescient, urgent advice" came to him and he took it. Fifty years later he believes it is "the best advice–maybe the only advice–any of us should ever give." In ***Shoe Dog,*** Phil Knight shares his full story, from the flash of this founding tenant in 1962 through his acceptance that he'd "won" by 1980.

***Book Snaps™*** is a publication of Soundview Inc. • 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 • © 2020 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited • Meghan Kozak, Editor-in-Chief • Kylie O'Connor, Graphic Designer • Reviewed by Kristen Cudd • Order #FBR1220B

## Wobbly Beginnings but a Steadfast Belief

In 1962, Knight presented an idea to his dad that led to the birth of the company we now know as Nike. Knight wanted to backpack around the globe, making a special stop in Japan to pitch his Crazy Idea to a Japanese shoe manufacturer. He had saved up about $1500 and was giving his dad the hard sell to contribute $1000 to make the trip possible. To his surprise, his father agreed.

He landed a meeting with Onitsuka Co. in Kobe and made a case for expansion into the American shoe market. He told the assembled group of Japanese executives that the market was huge and largely untapped. If Onitsuka got its shoes into American stores and undercut Adidas, the brand that was currently the most popular with athletes, they stood to realize huge profits. Onitsuka Co. enthusiastically agreed and with that, Knight made his Crazy Idea a reality.

After entering into a legally binding partnership with his former college track coach, Bill Bowerman, and securing another loan from his dad, Knight was officially up and running as the sole distributor for Onitsuka in the western United States. He tried to establish relationships with area sporting goods stores, but he was dismissed and rejected outright. But he landed on a far more successful strategy.

He got in his car and drove to track meets "all over the Pacific Northwest." He chatted up "coaches, runners and fans" showing them his Tiger shoes. The response was overwhelmingly positive and he "couldn't write orders fast enough."

He realized that it wasn't the shoe itself that he was selling. He "believed that if people got out and ran a few miles every day, the world would be a better place, and [he] believed that these shoes were better to run in." Knight communicated his belief and his customers "wanted some of that belief for themselves." The business took off, with phone and mail orders coming in out of the blue and customers randomly showing up at his parent's house to get fitted for a new pair of Tiger shoes.

By the summer of 1964, he had sold out of his first shipment. He placed an order for nine hundred more and his dad told him "The Bank of Dad" was closed. His dad "grudgingly agreed to give him a letter of guarantee" which helped Knight secure a loan from the First National Bank of Oregon. He had "a partner, a legitimate bank, and a product that was selling fast." He was "on a roll" and started expanding.

## Demand Rich but Cash Poor

Over the course of the next several years, Knight's company, then called Blue Ribbon, continued an upward trajectory. Sales doubled year over year without fail. However, so did expenses and the fledgling company was strapped for cash. There was never enough equity built up to satisfy the bankers. Despite the fact that sales had climbed from zero to $1.3 million in less than ten years, at the end of 1971, the company "was on life support."

The local bank refused to loan Knight any more money. Worse still, Onitsuka was threatening to drop Blue Ribbon for another distributor, telling Knight and his team that they were not performing well enough. Onitsuka proposed a solution that shocked Knight. They wanted to buy a controlling interest of 51% of Blue Ribbon. If Knight and company refused to sell, Onitsuka would "have no choice but to set up superior distributors."

Knight turned to a Japanese investment bank, Nissho, who made a suggestion. Why stay with Onitsuka when there were many other shoe manufacturers in Japan? Knight was contractually tied to Onitsuka so he knew he couldn't cut ties and leave immediately but he also knew that "Blue Ribbon and Onitsuka were going to break up." Knight just needed them "to stay together as long as possible" while he "developed other supply sources."

Knight "flashed on a factory he had heard about in Guadalajara." He set up a meeting and was impressed with everything he saw. He placed an order for soccer shoes that he intended to sell as football shoes. This, he figured, would avoid a breach in his contract with Onitsuka, which only technically specified "track and field shoes." When asked by the factory owners what brand name should be placed on the shoes, Knight said that "he'd have to get back to them on that."

## The Swoosh, Name, and Waffle Sole are Born

Knight needed a logo and a brand name for his new line of football shoes being manufactured in Mexico. He contacted an artist who had done some graphic design work for Blue Ribbon periodically. He told her that he needed a logo. When she asked what kind, he gave a very confusing response. He said, "Something that evokes a sense of motion." That was the only direction he provided.

A couple weeks later she came back with "a portfolio of rough sketches" that were all "variations on a single theme." The "theme seemed to be fat lightning bolts, chubby check marks, or morbidly obese squiggles." However, they did evoke motion so he asked her to further develop the ones that he liked the best. The artist came back with another round and Knight and his team settled on a design.

Knight writes, "It looks like a wing, one of us said. It looks like a woosh of air, another said. It looks like something a runner might leave in his or her wake. We all agreed it looked new, fresh, and yet somehow–ancient. Timeless." For her hours and hours of work, the artist Carloyn received the team's "deepest thanks and a check for thirty-five dollars." They sent the design to the manufacturer in Mexico. The swoosh was born. Now, they needed to come up with a name to go with the logo. Countless options were tossed around and thrown out. Knight enlisted the help of his entire staff, numbering about 50 people. With a deadline to deliver the name quickly approaching, the team spent "hour after hour arguing, yelling, and debating the virtue of this name or that." Time was up. They had to pick a name from a slew of disappointing options.

> No matter the obstacle, Knight and his inner circle found a way to circumvent near tragedy and keep the company propelling forward.

Johnson, one of the first employees of the company, had one more suggestion for the team to consider. He relayed that "he sat bolt upright in the middle of the night and saw the name before him" Bracingly, Knight asked what it was. "Nike." "The Greek goddess of victory. The Acropolis. The Parthenon. The Temple." Knight thought about these highlights from his early travels. He doesn't really know what led him to the final decision, which he was forced to make quickly, but everyone knows the brand name he chose: Nike. He hoped it would "grow on him."

Nike was poised for greatness. They were releasing several different types of tennis, running, and basketball shoes. Meanwhile, Knight's partner Bowerman was having difficulty getting a pair of running shoes to mesh well with the new "spongy surface" of tracks. He pondered the problem until he hit on an idea.

One morning during breakfast at home with his wife, his "gaze drifted to her waffle iron." He noted the waffle iron's gridded pattern. It conformed with a certain pattern in his mind's eye, a pattern he'd been seeing, or seeking, for months, if not years." He got right to work, attempting to make a mold to attach to running shoes for trial. He eventually succeeded, sewing two foot-sized square molds of hard rubber nubs onto a pair of running shoes. When he gave them to one of his runners, he "ran like a rabbit." Thinking of this innovation still gives Knight goosebumps. Bowerman's design "remade an industry, transforming the way athletes would run and stop and jump for generations." The waffle sole was up and running into the history books.

## Liberation

Until 1972, Blue Ribbon was still contractually obligated to Onitsuka. With the birth of the Nike brand, it was time for the company to fly solo. Onitsuka came to visit. After a heated meeting where lawsuits were threatened from both sides, Knight and his growing team seized the opportunity to do just that.

Knight assembled the entire staff and shared the news that the relationship with Onitsuka was officially over. Team members seemed despondent, certain that the game was over and this would spell the end for the company. Not so. Knight told his team, "This is–the moment. This is the moment we've been waiting for. Our moment. No more selling someone else's brand. No more working for someone else. Onitsuka has been holding us down for years." "If we're going to succeed or fail, we should do so on our own terms, with our own ideas–our own brand." Relief rolled over the staff as they came to see it just as Knight did. They were free, they were focused, they were unstoppable.

Nike's first endorsement deal was with Romanion tennis champ, Ilie "Nasty" Nastase, for a gut-rumbling sum of $10,000. It was "a fortune" to the cash-poor company, but necessary and worth it. This was followed by a rash of college and professional teams and athletes donning Nikes at major events worldwide. Despite their rising popularity and ever-increasing sales, Blue Ribbon was plagued by cash flow problems, always requiring bold pivots and leaps of faith, constantly convincing their lenders that they were good for the money, they just didn't have any right now.

Necessity breeds invention and that definitely applied to those early years at Nike. Unable to make a payment to the Japanese investment firm keeping them afloat, they attempted to cover the costs by moving money around from various accounts. Even payroll checks came flying back, enraging employees far and wide. This was the final straw for the bank, who told Knight unequivocally that they wanted nothing to do with Blue Ribbon henceforth. But Blue Ribbon found a way to carry on, always.

Knight knew the transformative power of sports. He writes, "When sports are at their best, the spirit of the fan merges with the spirit of the athlete, and in that convergence, in that transference, is the oneness that mystics talk about." He wanted to infuse his company with this value. He wanted everyone on his team to "compete as if their lives depended on it." And they did. Not only did Nike change the way shoes were designed and used, they changed the way shoes and all athletic apparel were marketed and sold.

Knight surrounded himself with people who held firm to the belief that Blue Ribbon would be bigger and better than any shoe company before them. No matter the obstacle, Knight and his inner circle found a way to circumvent near tragedy and keep the company propelling forward. And everyone in the world knows that it worked, and continues to work, more than fifty years later. Knight defines "shoe dog" as "people who devote themselves wholly in the making, selling, buying, or designing of shoes." Blue Ribbon, and later Nike, was composed entirely of shoe dogs and it showed!

Any reader who enjoys a good tale of perseverance, grit, and glory will enjoy Knight's well-written, honest, and open memoir of Nike's race to the top of the athletic industry.

· Book 44 of 67 ·

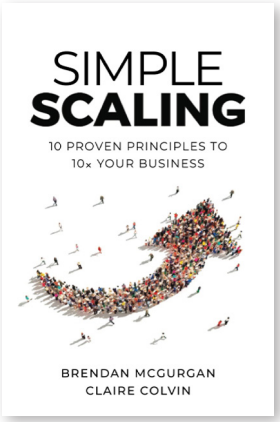
# Simple Scaling

Rendan McGurgan, Claire Colvin

soundview
Executive Book Summaries®

# Simple Scaling

## Ten Proven Principles to 10x Your Business




*by* **Brendan McGurgan and Claire Colvin**

**Contents**

Introduction
*Page 2*

Theme 1: Inspire
*Page 2*

Theme 2: Orientate
*Page 3*

Theme 3: Accelerate
*Page 3*

Re-Inspire
*Page 4*

## THE SUMMARY IN BRIEF

***Simple Scaling*** is designed to create a framework to help the 98% of SMEs (Small and Medium Enterprises) that never achieve scale.

First, you'll develop the mindset to successfully scale a business, create an inspirational vision of the future, and look at those who will need to get you where you need to go. Next, you'll plot a course toward your vision and explore how to develop a template for repeatable success and then execute on that template. The next section will help you clearly articulate your value proposition and take your product or service beyond your borders into a new region and/or industry. Finally, you'll discover broader business ecosystems and partnerships that will play a part in achieving your vision. Overall, you'll learn how to navigate the growth phases that all SMEs go through and implement a more predictable, repeatable cadence across your business.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to take the first inspiring steps towards valuing and building a company that can scale.
- How to orientate your business to become an organization that has the systems and process in place to create scale
- How to accelerate growth by improving your value proposition, expanding your reach, and entering key partnerships.
- How to continually reinspire and reinvent your business to continue growing skyward.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, #2, Chadds Ford, PA 19317 USA. • Copyright ©2022 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • July 2022 • Order #44SS07D Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

This book has been written in response to a failure at the heart of the small and medium enterprise (SME) sector. Only a tiny percentage- estimated between 2 percent and 4 percent ever achieve scale. Think about that.

The vast majority of founders and entrepreneurs, despite making great strides forward in the early years, hit a brick wall and stagnate, denying themselves, their teams, and their communities a golden opportunity to create something special. But it's not ambition that's missing; it's the know-how required to scale successfully. The reality is that traditional thinking and long-established conventions are no longer serving us. To break through the ceiling and shoot for long-term scaling growth calls for a new set of principles.

## Theme 1: Inspire

### Psyche

It all starts in your mind. The success or failure of your scaling journey starts with the thoughts you think. What you believe you can achieve sets the limit on what you will achieve. To become a successful scaler, you will need to work on your mindset. Don't underestimate the extent of that inner work. And don't underestimate the magnitude of the challenge you face. Successful scaling is incredibly challenging.

But the rewards are also immense.

As it stands, your business may be delivering a certain level of comfort. After years of hard work, there's cash in the bank, and you're finally able to stop and enjoy the view. You have a nice lifestyle: the car, the holidays, the home-perhaps even a second home. Maybe you're finally able to engage in some philanthropic activity, giving you a certain standing in your community.

Do you want to stay in this zone and maintain what has become a lifestyle business? Nothing wrong with that. Maintaining the status quo when things are in constant flux is challenging in its own right. But if that is your decision, be clear about it. Be deliberate.

Or are you feeling stuck? Trapped by the constant demands of the day-to-day business, unable to lift your head and work out where you want to go next? Do you have a sense that there's a greater purpose out there? Something that goes beyond simply maintaining a standard of living?If so, you're standing at what you might call Scale-verest base camp.

### Purpose & Vision

Business experts make the case that purpose is a key to exceptional performance and therefore successful scaling. Psychologists talk about purpose as the gateway to greater well-being, a connection to the soul. But how do you go about determining your company's purpose?

Use **PURPOSE** to kick-start the process of molding your own.

**P**ose the big questions. Why do you exist? What are you passionate about? What motivates you? What are you really trying to do here?

**U**nderstand your cause. Use the UN SDGs to guide how your purpose can positively impact one or more of the world's greatest challenges.

**R**eview your past. Why was this organization established? It will likely have come from a desire to effect change. Look at your own values. What is it you truly stand for and believe in? Do your beliefs chime with what you do in your organization?

**P**ositive change catalyst. How does what you do affect your team? Your customers? Your community? Your planet?

**O**riginality. Make your purpose stand out from the crowd. And keep it short.

**S**trong sense of service. Set out to maximize the number of lives that can be positively impacted by your purpose and stay true to your why as scaling gathers momentum

**E**motionally engaging. How does your purpose make you feel when you hear it? Is there a sense of calling? It should energize and challenge in equal measure.

At its core, a company's purpose is a bold, emotion-infused affirmation of your reasons for being in business. It will strongly convey what the organization stands for. It leaves no one in doubt about what you believe in and whom you serve.

### People

Great talent is so often right there in the company, but we simply fail to recognize it. Every business has people who have already proven their capability, their loyalty, their teamwork, and their values.

Scaling breakthroughs come from individuals like these who demonstrate passion and potential-those who are not trying to simply satisfy your customer needs, but who are thinking

of ways to exceed them. Talent exists everywhere. We just need to open our eyes to find it. The better we become at doing this, the better we will become at improving performance and scaling successfully.

## Theme 2: Orientate

### Planning

Stop reading for a moment and ask yourself, "Were the tasks I busied myself with today the best use of my time? How important were they? Could I have delegated more?" Broaden the question: 'Are the activities that I've chosen to focus on (and remember it is a choice) today, this week, this month, this quarter aligned to my vision and purpose? Have I conducted myself as CEO and focused only on the essential, delegating everything else?"

Don't be fooled. The capacity to react to the next call, email, or message does not improve the trajectory of your business. We're all guilty of getting caught up in the tyranny of the now, of failing to lift our heads, and question where our time is best focused. Our results are a direct reflection of where we focus our thoughts and attention.

This is why you need a plan.

At this stage, you will know the broad direction in which you wish to travel. You can see the lighthouse flashing in the distance. In addition to your view of the future, you also need to understand where the organization is today, right this moment.

Creating a plan does not require hundreds of pages of notes or years of research until you're certain you've got the right one. Yes, other stakeholders will likely require a more detailed business plan, but that's not for now. Business plans can only be built out once this part of the process is complete.

### Process

Some of the biggest corporations in existence today began as startups, but they didn't reach their current size by working proportionally harder. Instead, their leaders created smart processes with scaling in mind. Smart processes allow you to hire a new employee, provide instructions on how to perform a task, and get consistent results within days rather than months. In short, processes and systems play a fundamental role in the transition from startup to a scale-up. As you scale, your processes must handle significant increases in demand. That means that you need to identify those processes, strip out unnecessary complexity, and automate as much as you can

### Performance

What does performance mean when it comes to a scaling business? Vince Lombardi said that the achievements of an organization are the results of the combined effort of each individual. This starts with you. As the leader, you have to make sure that your own performance is optimized every time you show up. Do that and you will inspire and motivate the team, allowing them to reach their full performance potential and driving your company to do the same.

Anchor your intentions and activities to a desired future state and work back from there. Drown out everything else-from boardroom to factory floor, through all functions, and across regional business units, no matter where in the world they are. Once everyone has clear sight of the vision, great execution is where the magic is made. Every team member must know their day-to-day tasks, initiatives, and long-term goals— and how they tie in to the organization's vision.

## Theme 3: Accelerate

### Proposition

Why didn't we put Proposition at the start of the ScaleX 10 Principle Framework? Because scaling mode is fundamentally different to startup mode, where having something to sell in the first instance is of course critical. By now, however, you will have already proven the viability of your product or service. The next step is to clearly define and dial up a value proposition that allows you to aim high and grow more.

The first challenge is to decouple from your emotional attachment to the amazing product or service that you have either invented or brought to market. Time and again, founders fail to see their business through the eyes of their customers, which is why a value proposition remains one of the most overlooked and misunderstood elements of running a business. If you wish to scale successfully, you will have to shift your perception and bring that value proposition into razor-sharp focus.

### Place

Moving into new markets is always difficult and sometimes it's exceptionally difficult. So it's important to manage your own expectations. There is great reward, but these things take time and persistence. Creating capacity and freeing yourself from the day-to-day is critical to the development of export markets. There will be significant investment, and there will be low returns in the early stages. Because you

have to spend so much time trying to gain traction in the market, be prepared to spend a great deal of time in the air.

### Partnerships

Partnerships can help the business across the three, overarching functions of the customer-for-life process— winning the business, delivering the business, and supporting the customer's success. In particular, partnerships are critical in the development of new markets, in the development of new sectors, and in the development of the supply chain.

Remember, every success arises from a dependence on others.

You do, however, have to be strategic about how you develop these partnerships. Some are more critical than others. You can't spend all day with the banker if the banker plays a small part in the overall enablement of the vision. Be intentional with your time. Back to strategy, which is all about the allocation of resources. The CEO's time is a critical resource. Spend it strategically.

## Re-Inspire

### Positive Growth Culture

If you want to create a positive growth culture, you have to take action. It's **SIMPLE**—

**S**et High Standards and Stick to Them. A great culture will only take root if it is the lived experience of company leaders and if every interaction with team, customers, and stakeholders embodies that culture.

**I**nstill a Culture that Brings Out the Best in Everyone. Recognize the signs of culture decay: poor relationships, a lack of accountability, gossip, a reliance on formal structures to get work done, high turnover. Be a custodian of your culture. Call out good behaviors and redirect negative ones.

**M**ake Culture from Values. Take the time to establish a set of values that accurately reflect what you do.

**P**ut Those Values to Work. Draw up the kinds of behaviors that your values require and infuse your organization with them. Make everybody accountable to each other. Encourage actions consistent with values and redirect actions that are not.

**L**ock Your Values into Your People Systems. A framework that managers can use to identify and encourage/ discourage culturally consistent/inconsistent behavior makes it much easier to make values a reality in the workplace.

**E**ncourage Positivity. Using positive language not only lifts your mood, but it also generates a more positive assessment of the challenges you face. You can't have a positive growth culture without positivity.





**Brendan McGurgan** is a global business leader who builds profitable, scalable businesses by delivering on his strong personal belief that anything is possible. Over seventeen years, twelve as CEO of CDE Group, he helped the company achieve 25x revenue growth and become an industry leader.

**Claire Colvin** is a highly experienced Talent Leader and partner of scaling CEOs, building the right culture and people-centered systems to accelerate the scaling process. She draws on twenty-five years' experience in high-growth SMEs, global organizations, and major UK PLCs.

***Simple Scaling: Ten Proven Principles to 10x Your Business*** by Brendan McGurgan and Claire Colvin. © 2022 by Brendan McGurgan and Claire Colvin. Summarized by permission of the publisher, Lioncrest Publishing. 388 pages, ISBN 978-1544525891. Summary copyright © 2022 by Soundview Book Summaries ®

· Book 45 of 67 ·

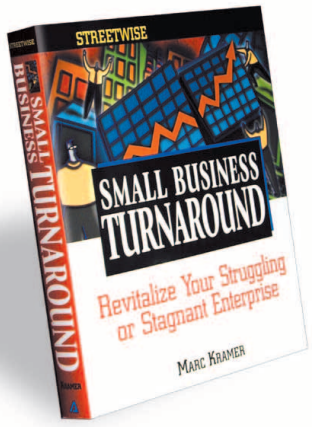
# Small Business Turnaround

Marc Kramer

Vol. 22, No. 4 (2 parts) Part 1, April 2000
©2000 Soundview Executive Book Summaries* **Order # 22-9**

SOUNDVIEW Executive Book Summaries®

FILE: SMALL BUSINESS/ ENTREPRENEURSHIP




By Marc Kramer

## CONTENTS

**Mapping Out Your Strategy**
*Pages 2, 3*

**Write A Business Plan**
*Pages 2, 3*

**A Business Plan: Step-By-Step**
*Pages 3, 4*

**Write The Operation And Launch Plan**
*Pages 4, 5*

**Implementing Your Strategy**
*Pages 5, 6*

**Write A Marketing And Sales Plan**
*Page 6*

**Develop A Budget And Negotiate Debt**
*Page 7*

**Preparing For The Future**
*Pages 7, 8*

**Find New Sources Of Financing**
*Page 8*

**Keep Moving Forward**
*Page 8*

### Revitalize Your Struggling or Stagnant Enterprise

# SMALL BUSINESS TURNAROUND

## THE SUMMARY IN BRIEF

If you manage or own a struggling small- or mid-size business, you know how hard it is to stay afloat and turn things around when the going gets tough. You are not alone. The risk for failing seems to be greater with every passing year. According to the Small Business Administration, business failures rose an incredible 16.6 percent from 1986 to 1996. And business bankruptcies rose 5.3 percent during 1996 alone.

Marc Kramer takes the process of turning around a small business and compares it to getting back in shape. You didn't lose shape overnight; it took time. There were good things that you stopped doing, and bad habits that you started. Worse yet, you may have cultivated an all-knowing attitude that erroneously convinced you that you had everything under control.

This summary provides practical steps to help your company go from struggling and stagnant to growing and prosperous. The first step is to map out your strategy. This summary will show you how to:

- ✓ put together an updated business plan,
- ✓ create an operation and launch plan to put change into motion.

The next step is to implement your strategy. You'll learn how to:

- ✓ get vendors and lenders to agree to reasonable repayment schedules,
- ✓ keep and recruit good employees during the turnaround,
- ✓ create an effective marketing and sales plan.

Finally, once you have begun the turnaround, this summary will show you how to:

- ✓ cut costs,
- ✓ boost sales,
- ✓ find the funding you need to move your business forward.

If you find yourself struggling to keep customers, make sales, pay vendors and business taxes, this summary will help you take action now to prepare for a better future.

Published by Soundview Executive Book Summaries 10 LaCrue Avenue, Concordville, Pennsylvania 19331 USA
*All rights reserved. Reproduction in whole or part is prohibited.

# SMALL BUSINESS TURNAROUND

**by Marc Kramer**

## — THE *COMPLETE* SUMMARY

## Mapping Out Your Strategy

Your company didn't get where it is overnight, and won't recover instantly. It takes a lot of planning, hard work, and grit to make the enterprise a success story.

The worst thing you can do is hide. You must meet with key employees and advisors and let them know what is happening. Talk to your customers and vendors, too. They have probably been hearing rumors anyway, and since rumors are often exaggerated, they will be reassured to hear the correct information directly from the source. Vendors especially want to know what your plans are and how they will be paid. You will also need to contact tax authorities if you can't meet your obligations. They will usually do all they can to work with you. The same goes for your bank if you are having trouble paying business loans on time.

### *Ten Keys to a Successful Turnaround*

Your company has a greater chance of turning itself around if:

1. **The top executive is strong, decisive, and communicative.**
2. **Business, marketing, sales, and operating plans have a narrow agreed-upon focus.**
3. **Managers are able to handle adversity and be willing to work long hours.**
4. **Employees are willing to make sacrifices and work more than 40 hours.**
5. **Board of directors and advisors are strong and experienced.**
6. **Vendors are flexible.**
7. **Bank loan officers believe in the company.**
8. **Quality is job one.**
9. **The marketplace needs the company's products or services.**
10. **Management hires experienced counsel and accountants who understand the business and turnarounds.** ■

## Write a Business Plan

The first step to turning around any enterprise is to map out a plan. Planning is essential to success. Therefore, you want to begin the turnaround by creating business, sales, marketing, and operations plans. Revise these plans annually. Those who get in the habit rarely fail. That's because detailed planning lets everyone know where the company is and where it's going. Planning builds confidence.

Start with an updated business plan. Many small business people think of business plans as something they need to draft to raise money. But a business plan can do much more than that. It can be used as a realistic view of the expectations and long-term objectives of your business, and can provide a framework within which the enterprise will operate. Business plans help management clarify, focus, and research the development and prospects of their business or project; provide a logical framework within which a business can develop and pursue business strategies over the next three to five

*(continued on page 3)*

### How Do You Know You're in Trouble?

Heed these warning signs:

- Decreasing sales despite a growing market.
- Customers leaving for reasons you control.
- Clients claim calls go unreturned.
- Projects are over budget.
- Expenses are up while profits are down.
- Employees doubt viability of the company.
- Employees say there's no leadership.
- Staff arrives late and leaves early.
- Staff meetings are a thing of the past.
- Taxes go unpaid.
- Payments to vendors are late.

**The authors:** Marc Kramer is president of Kramer Communications, which specializes in Internet strategic marketing, sales and communications, business plan development, and project management. Kramer is a professional speaker and lecturer on turning around distressed companies.

Copyright © 2000 by Mark Kramer. Summarized by permission of the publisher, Adams Media Corporation, 260 Center Street, Holbrook, MA 02343. 336 pages. $17.95. ISBN 1-58062-195-3.

**To subscribe:** Send your name and address to the address listed below or call us at **1-800-521-1227** (Outside the U.S. and Canada, 1-610-558-9495)
**To buy multiple copies of this summary:** Soundview offers discounts for quantity purchases of its summaries. Call or write for details.
**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), 10 LaCrue Avenue, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corporation. Publisher, George Y. Clement. Publications Director, Maureen L. Solon. Editor-in-Chief, Christopher G. Murray. Published monthly. Subscription, $89.50 per year in the United States and Canada; and, by airmail, $95 in Mexico, $139 to all other countries. Periodicals postage paid at Concordville, PA and additional offices. **POSTMASTER:** Send address changes to **Soundview, 10 LaCrue Avenue, Concordville, PA 19331.** Copyright © 2000 by Soundview Executive Book Summaries.

## Write a Business Plan

*(continued from page 2)*

years; serve as a basis for discussion with third parties; and offer a benchmark against which actual performance can be measured and reviewed. Lack of a business plan almost certainly dooms a business to failure.

The easiest way to start a business plan is to create a two- or three-page outline. From this start, you will create a plan that should be no longer than 25 pages. Of course, before you can begin an outline, you must be able to identify the current status, objectives, and strategies of your business. Those entities will be critically examined to probe existing and perceived strengths, weaknesses, threats, and opportunities.

### *Parts of the Plan*

Every business plan will include an explanation of the firm's vision, mission, objectives, values, sales, marketing, and hiring strategies, competition, and income and expense projections.

The vision statement is a snapshot of the business three or more years into the future. It describes the company's physical appearance, size, and activities. Remember to keep the statement grounded and accessible. Venture capitalists often have their secretaries scan business plans. If your vision statement isn't clear enough for a secretary to understand, it will never see the light of day.

The mission statement explains what the business is trying to accomplish. When crafting the mission and objectives, management must ask:

- ✓ **What are the central purposes and activities of the business?**
- ✓ **What are its major objectives, key strategies, and prime goals?**

For example, a food company concentrating on food for diabetics might state its mission as "To be the leading kidney food company in the United States."

The next step is to identify the objectives and goals that will help the company achieve its mission. The objectives and goals state what the business needs to achieve in the short and long term. Objectives are centered around financial and market share goals. In most cases, financial goals are more meaningful than market share, unless you are in a niche business. The strategies outline the path the company will use to achieve its objectives and goals.

The most difficult sections to write are likely to be the marketing and sales sections. Be sure your financial projections are in line with industry norms. Overestimate the time or cost required for product development, market entry, external support, and raising capital. A good rule of thumb is to halve sales projections and double the cost and time required to get there. ■

## A Business Plan: Step-by-Step

Here is the step-by-step process for putting together a business plan:

**Draft an Executive Summary:** (1-2 pages) Introduce the entire plan, and explain who wrote it, when, and why. Be sure to provide contact information and highlight the most important points you make. The executive summary

*(continued on page 4)*

### Sample Mission and Objectives Statement

The mission of the company is to provide quality prepared microwaveable foods to individuals with kidney problems so they are freed from the task of preparing their own food. HF will offer a variety of entrees to meet their special nutritional requirements and in so doing, make meal planning easier, more convenient, and less stressful. HF's plan is to develop unique entrees and related foods focused on kidney nutrition and to market these products both domestically and abroad.

#### Short-Term Objectives: 1997-1999

- To raise $1 million to finance initial product acquisition and marketing costs.
- To recruit quality management to build a world-class food company.
- To develop quality microwaveable shelf-stable entrees.
- To set up distribution channels and perform sample marketing.
- To attain name recognition in the kidney community via targeted marketing efforts and dissemination of educational information.
- To reach $20 million in sales.

#### Long-Term Objectives: 2000-2003

- To expand penetration into international markets with help of overseas distributors.
- To expand the product line to include side dishes, desserts, and snacks.
- To develop other forms of recurring revenue such as additional product lines targeted to other niche markets.
- To reach long-term revenue goals of $52 million within five years.

## A Business Plan: Step-by-Step

*(continued from page 3)*

encapsulates everything into one place. Many investors don't read anything but the executive summary on the first go-around. If it doesn't make the cut, the plan goes in the trash. Make sure the executive summary shines.

**State Your Mission and Objectives:** (1-2 pages) The mission statement tells the reader what the business is trying to accomplish. Every employee should be able to articulate the same mission if asked. It is followed by the objectives the company wants to accomplish.

**Describe the Company History:** (1-2 pages) Summarize the company's achievements and performance and introduce the shareholders or principals. It is a snapshot of where the company has been and where it is now.

**Describe the Company's Product/Services:** (1-2 pages) Describe what makes your products or services special.

**Profile the Target Market:** (1-3 pages) Address the size, segment, trends, and potential customer profiles. A lot of the information you need on the target market is available through research. Try industry publications, research departments, college professors, and trade associations. Valuable data can also be found on the Internet.

**Describe the Competition:** (1-2 pages) Include both primary and secondary competitors, and comment on their strengths and weaknesses.

**Describe Your Marketing Strategies and Sales Plans:** (2-3 pages) Tell the reader how you will market your product or services to customers. Predict how sales will go in your main market. Describe how you will differentiate yourself from the competitors.

**Describe R&D Efforts and Technology:** (1 page) If your company is engaged in any research and development or owns patents it will use, describe these. Explain how you will improve or develop products and what resources you will need.

**Describe Operational and Manufacturing Plans:** (2-3 pages) Explain how the company plans to improve distribution, service, and manufacturing.

**Identify Managers:** (1-2 pages) Identify the management team you plan to use. Be sure to highlight their experience in your industry or their specialty.

**Disclose Funding Needs:** (1 page) Summarize the company's financial needs, identify sources for funding, and offer projections for their return on investment. Once you come this far in your business plan, you will have a clear understanding of how much money you need and be able to decide how much ownership you are willing to give up in exchange for funding. Include an exit plan if selling or going public is a goal.

**Provide Financial Position and Projections:** (2-3 pages) Use simple tables to present key financial projections, such as profit and loss, cash flow, balance sheets, and key ratios. Be sure the figures are accurate and believable. ■

# Write the Operation and Launch Plan

Once you have a solid business plan in place, you need to concentrate on creating the operation and launch plan. A solid launch plan is the second most important document your company will prepare as it reinvents itself. The plan will include product descriptions, show how the products will be created and developed, show exactly how they will be marketed, how much it will cost and what the pricing will be, and who will be involved.

If this sounds a lot like a business plan, it is. An operation and launch plan takes the business plan and expands it. The details are filled in. For example, if part of your company's turnaround includes creating a web presence, the business plan would list web development as one of the strategic goals. The operation plan would detail the technology the company will use to develop the web site, specify its layout and content, and detail how the site will be advertised to its intended market. The plan would also detail how the site will make money, and how much. Pricing for everything from subscription fees to advertising rates also belongs in the operation plan.

The launch section of the plan specifies what will

*(continued on page 5)*

## Lack of Plan Dooms Antique Mall

Entrepreneurs are famous for believing they can make it happen with the sheer force of their will. They think business and marketing plan are for sissies. And some pay dearly for that arrogance. Consider the case of a successful, charismatic promoter. When he met someone who told him an antiques center would be great in his part of the state, the promoter jumped on the idea. Because he personally loved antiques, he found the idea attractive. He then built a $250,000 center and opened the doors for business without ever having investigated the antique business, who his competitors were, or whether it was a money-making proposition. Had he investigated the business, he would have known that antique businesses cluster together like fast food restaurants along a highway rather than congregate in a mall. His lack of planning sent him straight into bankruptcy.

### Write the Operation and Launch Plan

*(continued from page 4)*

happen when and where and identifies milestones along the way. In the example, the launch timetable would include dates for getting funding, hiring key employees, and having the site up and running. Think of the operations and launch plan as a "to do" list for full implementation of the business plan. ■

## Implementing Your Strategy

Once you have decided to turn your company around, chosen someone to lead that effort, and drafted business, operation, and launch plans, then you are ready to implement your strategy. As you begin to implement your plan, you will need to accomplish three things. First, you must rebuild morale as well as attract and retain employees. Next, you must build sales through creative marketing. And finally, you must learn to hold the line on expenses and negotiable debt.

### *Manage the People Issues*

If your company is going to turn around, it's essential that employee morale be rebuilt. When things look bleak, workers aren't naturally motivated to work harder and longer for fewer rewards. They may feel as if they have already made enough sacrifices. They start coming in late and leaving early. They steer friends and acquaintances away from joining the company. With time, energy, and commitment, these negative attitudes can be transformed.

Recruiting for a turnaround is often difficult. You must pick the right type of person, someone who thrives on pressure and looks at a turnaround as an opportunity to shine. They have to be mentally tough, able to withstand long hours and sleepless nights, and be full of energy.

Some other characteristics to look for are the ability to work in a team environment and to be flexible enough to work without structure. Good candidates also don't mind losing free time and can work on multiple tasks simultaneously. Finding employees suited for a turnaround is difficult but not impossible. Good sources of referrals include current employees, friends, business associates, trade associations, members of the board of directors or advisory board, and other professional contacts like attorneys and accountants.

A struggling company must also work hard to retain its good employees. Do what you can to create a pleasant work environment. Use small perks like free food when employees work late. Scout out free seminars and inexpensive books to help workers develop professionally. Let employees play with new technologies by asking vendors for demonstrations. Give employees extra time off with pay if long hours are taking a toll. Consider giving stock options in lieu of raises, and promise profit sharing when the tide has turned. And don't hesitate to dole out bonuses for a job well done.

*(continued on page 6)*

## Hire a Turnaround Specialist

Sometimes the owner of a failing firm doesn't have the expertise or the ability to distance him- or herself from what's happening in order to turn things around. Sometimes the managers have to be replaced if the company is going to recover and prosper. If that's the case, the best solution is to hire an outside turnaround specialist and have the managers resign and the owner step down from active management of the company. A specialist can take a fresh look at the situation, has no preexisting prejudices, and often has valuable experience turning other firms around.

If your company decides to hire a specialist, first ask trusted advisors for referrals. Good sources are accountants, attorneys, bankers, or financial planners familiar with your business. You can also try the Chamber of Commerce or trade associations to which your company belongs. Another good referral source is the Turnaround Management Association.

When selecting a specialist, look for experience and knowledge about your industry as well as real experience turning a business around. Don't hire someone who hasn't suffered through adversity and turned things around. He or she won't have the stomach to face angry vendors, disappointed customers, and hostile workers.

Compensation for the turnaround expert can be handled several ways. Some want to be paid by the hour or by the project. If the proposed fee is out of your company's reach, there are also specialists who will work for a combination of cash, equity, and bonus based on results. Ownership of 5-15 percent is standard. Trading equity for service may help cash-strapped companies who could use the funds to recover faster. If giving up equity is a concern, you may want to draft the agreement to allow a buyback or right of first refusal for any future sale of stock.

A specialist becomes the new leader, and is responsible and accountable for all facets of the business. For the process to work, the specialist must be in control. No one can be hired or fired, and not a penny can be spent, without his or her approval. If giving purse string control to an outsider bothers you, then you can require two signatures for expenditures.

## Implementing Your Strategy

*(continued from page 5)*

### *Handling Layoffs*

On the other hand, turning the company around may mean laying off workers. If your new business plan includes downscaling the company's endeavors, obviously people will have to be reduced. While it can be very hard on management to have to fire people, sometimes it has to be done. It helps if you can offer severance payments or at least assistance with the job hunt. Be sure to offer references and don't contest eligibility for unemployment. There is no need to make enemies out of former employees.

Once layoffs are a fact, the surviving employees may be angry or worried that they are next. If you don't want a mass exodus, you must explain the situation. Have a departmental or companywide meeting. Be reassuring. Explain that the layoffs are part of the company turnaround plan, and that their contributions are essential to the success of the plan. ■

## Rebuilding Employee Confidence

Here are some tips to build employee confidence in themselves and the company:

- **Hold a meeting to single out successes, demonstrating to everyone that successful people abound.**
- **Admit past mistakes and discuss how everyone will have a part in fixing them.**
- **Meet with every employee and get his or her input.**
- **Post client compliments and sales successes.**
- **Compliment workers in front of clients.**
- **Promote from within.**
- **Let go of employees who aren't team players.**
- **Acknowledge implemented suggestions.**
- **Encourage risk and reward innovation.**

# Write a Marketing and Sales Plan

One of the quickest ways to get a company out of trouble is with a strong sales and marketing plan. Since you already should have a business plan in place, you already have experience writing plans. A sales and marketing plan has a similar layout.

**Start with an executive summary and mission statement.** Use the business plan format.

**Follow with a competitive advantage section.** This section is crucial. It should explain what clear advantage your company has over the competition. Competitive advantages can range from better technology, quicker service and better quality service to wider coverage area, more experienced staff, or cheaper price. Once you articulate your competitive advantage, your employees will be able to answer a crucial customer question; "Why should I buy from you and not someone else?"

**The next part is the objectives section.** These objectives should be developed by the management team. They should represent realistic sales goals, not numbers pulled out of a hat. They should also include recruiting and visibility goals.

**Outline sales strategies.** This is a road map of how you will achieve the sales goals. It should be developed by the head of sales, and should be based on the most successful sales techniques used in the industry and by the company.

Benchmark your strategies against the best in the industry and you will improve your sales. Be very specific. For example, say "We will send a one-page letter to each prospect and follow up within 10 days with a phone call," and not "We will do a mass mailing."

**Outline how you will market your services.** Identify good sources of new business by asking current customers, vendors, trade associations, and professionals for referrals and outline how you will reach those prospects. Other ideas include developing a newsletter and holding seminars.

**Identify your target market.** Your target market is those who need your service or product, can afford it, and are within an area you can service. Don't waste time on others.

**Outline your retention plan.** Keeping current customers is crucial. Be sure to set contact goals for current customers and ask them how you are doing and what you could improve.

**Describe your personnel program.** How will you select and retain workers? What skills do they need and what duties will they perform?

**Describe the competition.** You need to keep tabs on the competition. Keep a file on each one, and fill it with press releases, news stories, and marketing material. Identify their strengths and weaknesses.

**Outline launch plan.** This should be very specific, perhaps month-by-month or week-by-week.

**Make financial projections.** If you have completed the previous sections, you should be able to estimate expenses and income. Bear in mind that "it's better to underestimate and over perform than overestimate and underperform." ■

# Develop a Budget and Negotiate Debt

There are three reasons why companies get into financial trouble. First, they are under funded. Second, they spend money unnecessarily. Third, they can't sell enough products or services to make up for the lack of funds.

If you are turning a company around, you must cut or reduce expenses. By taking a close look at what is being spent, you will find many creative ways to reduce costs. For example, cancel redundant magazine subscriptions, shop for new telephone services, buy instead of leasing equipment, analyze insurance costs, keep only crucial memberships, advertise effectively, avoid charitable contributions, buy office supplies on sale, and avoid first class travel.

### *Working with Creditors*

Any company trying to turn itself around probably has creditors demanding immediate payment. If they know your company is having trouble, they may fear the worst. The reality is that if they force the company into bankruptcy, no one will get more than pennies on the dollar. Therefore, most vendors will be happy to work something out. The key is to approach them directly and honestly and not make any promises you can't keep.

Work with each creditor and come to an agreement, and then keep it. Keep vendors informed of your situation. Remember that most banks would rather reorganize the debt and take small payments over time than have to take over the business. Working out payment schedules is to everyone's advantage. Companies should remember that even a bankruptcy reorganization could wreak havoc with a business. Once a bankruptcy petition is filed, the company loses control of its business. ■

# Preparing for the Future

Once your company has begun its turnaround, it's time to prepare for a successful future. Preparing for the future includes finding new ways to build sales and obtaining funding to allow your enterprise to keep growing. Acquiring outside advisory board members is also recommended.

### *Use the Internet to Cut Costs and Boost Sales*

The Internet is probably the best and most cost effective medium to promote a company's products and generate new sales.

Although large multinational companies may spend hundreds of thousands of dollars developing an Internet presence, small companies can get on the Internet for much less. An outside developer can do the job for $25,000, or off-the-shelf software can get the job done for considerably less. Shop carefully before you sign a contract or make a purchase.

As with any other endeavor, you need to have a plan in place before you go online. Check out what the competition is doing, and prepare a launch plan. What will your site offer? Will it be an online catalog with ordering potential? Will it deliver your newsletter? Will it be used to provide answers to commonly asked questions? Remember that you may have to advertise to get people

*(continued on page 8)*

## Conduct a Client Audit

As the company grows and you focus on courting new customers, you may forget to pay attention to the customers you already have. Remember that the cost of bringing in new customers is always more expensive than keeping old customers. Consider having an outside firm conduct a "client audit" to determine if you are satisfying current customers.

The client audit should cover the following questions:

- **What is your impression of the company?**
- **How often do you speak to your account representative?**
- **How would you rate the quality of the product/service?**
- **How does the company compare to your other vendors?**
- **Do you feel the company goes out of its way to keep your business or just does enough to fulfill your needs?**
- **Are you driven by price over quality when making a purchase?**
- **What could the company offer or do that would be valuable to you?**
- **What isn't the company doing now that you wish it would do?**
- **What will be some of your greatest needs over the next twelve months?**
- **Would you serve as a reference for this company?**

Once you know where you stand, use that information to build customer loyalty. There are many creative ways to attract and keep customers including creating a newsletter for customers, running seminars, and writing a regular newspaper column. Even simple tasks like sending your customers thank-you notes goes a long way in developing loyalty. And remember that current clients are a great source of referrals for new business.

### Preparing for the Future

*(continued from page 7)*

to your site. One easy way is to begin using your web address in direct mail pieces, on stationary, and in print advertisements. ■

## Find New Sources of Financing

To continue on the path to recovery, your company may need to boost its cash flow. Finding additional sources of financing will play a crucial role in growth. Many businesses fail when they aren't able to achieve enough cash flow to sustain rapid growth. But there is hope. Finding financing is possible if you know where to look. Consider these possibilities.

**Banks.** Conventional bank financing requires collateral in the form of cash, property, or business contracts. Bank financing can be inexpensive, and doesn't typically require giving up equity in the company. The disadvantage is that most owners have to personally guarantee loans. If the company fails, they are personally on the hook.

**Investor Angels.** Angels are wealthy individuals who like to invest in new or troubled companies with potential. They want an equity stake.

**Venture Capital.** Venture capital firms are in the business of funding promising new companies. They typically want a large equity stake as well as the ability to control management.

**Public Funding.** The Small Business Administration has loan guarantees available for firms turned down by banks for conventional loans. Some states have similar loan and grant programs available.

**Vendor Funding.** Vendors sometimes accept stock in a company in lieu of payment for goods or services.

**Factoring.** Factors loan money using a company's accounts receivable as collateral. Typically, factors will lend 70-80 percent of the value of the accounts receivable at a rate of 3 percent per month. This is a good short-term method, but the rate for long-term borrowing is high.

**Venture Leasing.** Venture lease companies specialize in funding leases for companies with impaired credit, and take a stake in the firm as part payment.

**Conventional Public Offering.** This is commonly known as going public, and involves offering stock to the general public. Hire experts in public offerings if you go this route.

**Internet Public Offering.** This cuts the intermediaries out when going public. Again, hire experts.

**Small Companies Offering Registration.** This form of going public is done on a small scale at the state level. Most states require that no more than $1 million be raised per year.

### Use an Advisory Board

Using an advisory board can be a powerful way to add the expertise needed during a turnaround. Unlike a board of directors, an advisory board has no financial responsibility to the company. Advisory boards serve at the pleasure of the owners, and can't wrest control. Instead, their function is to provide advice and feedback. An advisory board made up of 10 to 15 top clients can provide valuable advice and information.

Consider your company's weaknesses when selecting an advisory board. Look for people who can fill voids and who understand the company's business. Then listen critically but with an open mind to their suggestions.

**Public Shell.** A private firm can purchase controlling shares in a public company with few assets and become in effect a public company. The owners of the public shell invest in the business much like a venture capitalist.

**Venture Consultants.** Venture consultants raise money for companies for a fee. ■

## Keep Moving Forward

Once you complete a successful turnaround, it is imperative that you don't fall back into the old habits that got you in trouble in the first place. Try these suggestions to help you stay in shape:

**Never skip a weekly staff meeting.** Keep those lines of communication open.

**Hold semiannual strategic planning sessions.** Re-evaluate and revise your strategy when needed.

**Update the company business plan.** Review and rewrite sections regularly.

**Hold monthly company meetings.** Always ask for input from your employees.

**Evaluate management.** Remove or add people if the current team isn't getting the job done.

**Keep a close eye on the cash.** Constantly re-evaluate expense items such as telephone, insurance, and maintenance.

**Stay in contact with customers.** Call customers every six to eight weeks to be sure they are happy.

**Hold semimonthly board meetings.** Management and the board should meet every other month.

**Continuously educate.** Circulate articles and bring in speakers to help everyone grow professionally.

**Hand out awards.** Remember to single out people who are making a contribution. ■

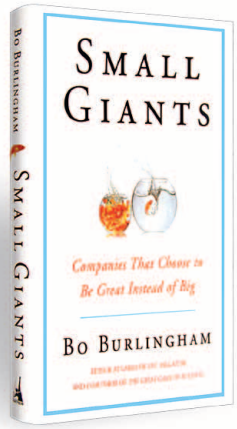
· Book 46 of 67 ·

# Small Giants

Bo Burlingham

SOUNDVIEW Executive Book Summaries®






By Bo Burlingham

## CONTENTS

**Introduction**
*Page 2*

**Free to Choose**
*Pages 2, 3*

**Who's in Charge Here**
*Pages 3, 4*

**The Mona Lisa Principle**
*Pages 4, 5*

**Ties That Bind**
*Pages 5, 6*

**A Culture of Intimacy**
*Pages 6, 7*

**Galt's Gulch**
*Page 7*

**Pass It On**
*Pages 7, 8*

**The Art of Business**
*Page 8*

### Companies That Choose to Be Great Instead of Big

# SMALL GIANTS

## THE SUMMARY IN BRIEF

*It's a widely accepted axiom of business that great companies grow their revenues and profits year after year. Yet quietly, under the radar, some entrepreneurs have rejected the pressure of endless growth to focus on more satisfying business goals. These goals include being great at what they do, creating a great place to work, providing great customer service, making great contributions to their communities and finding great ways to lead their lives.*

*In this summary, veteran journalist Bo Burlingham takes readers deep inside 14 remarkable privately held companies, in widely varying industries across the United States, that have chosen to march to their own drummer. He searches for the magic ingredients that give these companies their unique "mojo" and the lessons other companies can learn from them. These companies include Anchor Brewing, CitiStorage Inc., Clif Bar & Co., ECCO, Hammerhead Productions, Righteous Babe Records, Union Square Hospitality Group, and Zingerman's Community of Businesses.*

*Size and growth rate aside, these small giants share some very interesting characteristics. They are all utterly determined to be the best at what they do. Most have been recognized for excellence by independent bodies inside and outside their industries. All have had the opportunity to raise much capital, grow very fast, do mergers and acquisitions, expand geographically and generally follow the well-worn route of other successful companies.*

*To stay on the road less traveled, these companies have remained privately owned, with the majority of the stock in the hands of one person or a few like-minded individuals. They were founded by and still are run by unique entrepreneurs who recognized the full range of choices they had about the type of company they could create and allowed themselves to question the usual definitions of success.*

*In addition, this summary will show you:*

- ✓ ***How a new class of great companies has been quietly and gradually forming under the radar.***
- ✓ ***Why some companies have made conscious decisions to scale back their operations.***
- ✓ ***Why successful companies have chosen not to focus on revenue growth or geographical expansion.***
- ✓ ***What goals are considered by some companies to be more important than getting as big as possible, as fast as possible.***
- ✓ ***How wealth can be the byproduct of success in areas other than growth.***

Published by Soundview Executive Book Summaries, P.O. Box 1053, Concordville, PA 19331 USA
© 2006 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.

# SMALL GIANTS

**by Bo Burlingham**

## — THE *COMPLETE* SUMMARY

# Introduction

There's a feeling one gets when coming into contact with hot companies just as they are hitting their stride — Apple Computer, Fidelity Investments, People Express Airlines, Ben & Jerry's, Patagonia and even *Inc.* magazine. They had a buzz. There was excitement, anticipation, a feeling of movement, a sense of purpose and direction, of going somewhere. It happens when people find themselves totally in sync with their market, with the world around them, and with each other. Everything just seems to click. Most companies eventually lose that quality, but some companies manage to retain it.

### *What Is 'Mojo'?*

What is "it"? Gary Erickson of Clif Bar came closest to identifying the quality itself. He had begun thinking about it at a critical moment in the company's history, when he was struggling to figure out what kind of company he wanted Clif Bar to be. At a trade show in the fall of 2000, he met a well-known marketer of consumer products who complimented him on the buzz around Clif Bar's booth, pointing to a competitor's booth that was dead by comparison. "They lost their mojo," the guy said.

Whatever mojo was, some smart people evidently thought that it was important, and that Clif Bar had it. In any case, it was something to which Erickson needed to pay attention. From then on, "mojo" became his watchword. In his book *Raising the Bar*, Erickson said he thought Clif Bar's mojo was "something about the brand, product, and way of being in the world that was different. I realized that mojo was an elusive quality and needed to be tended carefully."

The word is just right for the mysterious quality seen in Clif Bar, CitiStorage, Union Square Hospitality and many other companies.

### *How Companies Create Mojo*

What do companies do to create mojo? The answer to this question can be found in the common threads among the companies identified as having mojo. These are:

**1. Unlike most entrepreneurs, their founders and leaders recognized the full range of choices they had about the type of company they could create.**

**2. The leaders had overcome the enormous pressures on successful companies to take paths they had not chosen and did not necessarily want to follow.**

**3. Each company had an extraordinarily intimate relationship with the local city, town or county in which it did business — a relationship that went well beyond the usual concept of "giving back."**

**4. They cultivated exceptionally intimate relationships with customers and suppliers, based on personal contact, one-on-one interactions and mutual commitment to deliver on promises.**

**5. The companies also had unusually intimate workplaces that strove to address a broad range of their employees' needs as human beings.**

**6. These companies came up with a variety of corporate structures and modes of governance.**

**7. The leaders of these companies brought passion to what the company did.** ■

# Free to Choose

Fritz Maytag may be the grandson of the giant appliance company's founder, but he has an unabashed fondness for small, beautiful things, in business as elsewhere. At 65, he could look back on 40 years as the owner and CEO of Anchor Brewing, the premier microbrewery in the United States. In the early 1990s, Maytag was forced to make a choice that all successful entrepreneurs are faced with sooner or later. To his great relief, Maytag had recognized his choice in time and

***(continued on page 3)***

**The author:** Bo Burlingham is editor at large at *Inc.* magazine. He has also written for *Esquire, Harper's, Mother Jones,* and *The Boston Globe,* among other publications. He is the co-author, with Jack Stack, of *The Great Game of Business* and *A Stake in the Outcome.*

Summarized by arrangement with Portfolio, a member of Penguin Group (USA) Inc. from SMALL GIANTS by Bo Burlingham. Copyright © Bo Burlingham, 2005. 224 pages. $24.95. ISBN 1-59184-093-7.

Summary Copyright © 2006 by Soundview Executive Book Summaries, www.summary.com, 1-800-SUMMARY, 610-558-9495.

**For additional information on the author, go to: http://my.summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions: $209 per year in the United States, Canada and Mexico, and $295 to all other countries. Periodicals postage paid at Concordville, Pa., and additional offices.

**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2006 by Soundview Executive Book Summaries.

**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Soundview**
**Executive Book Summaries®**

DEBRA A. DEPRINZIO – *Senior Graphic Designer*
CHRIS LAUER – *Contributing Editor*
LINDA GROSS – *Editor in Chief*
REBECCA S. CLEMENT – *Publisher*

## Free to Choose

*(continued from page 2)*

made the one that was right for him.

In the early 1990s, Maytag had owned and run Anchor Brewing for 27 years. While turning the century-old company around and saving its sole product, Anchor Steam Beer, Maytag launched a revolution in beer making with the first nationally recognized microbrews: high-quality, handcrafted beers and ales, made with the finest ingredients using traditional recipes and brewing techniques.

### *Reaching Capacity*

By 1973, his beers had become so popular that demand had maxed out his brewery's capacity. When the MGM Grand Casino in Reno wanted to put Anchor Steam on tap in every bar in the house, rather than sacrifice the authenticity of his product by hiring other microbrewers to do additional brewing, he chose to reject the order.

After moving to a new building with the capacity to handle the growth his company was experiencing, Maytag faced the possibility of going public. With his top three people, he asked several questions: What would the new investors expect? Why are we in business anyway? What do we enjoy doing? What are our goals in life? They considered the various possible outcomes and realized they all had reservations. They weren't sure they wanted the company to get much bigger. They loved it as it was.

### *'We Made the Decision Not to Grow'*

Maytag recalls, "It occurred to me that you could have a small, prestigious, profitable business, and it would be all right. You can stay as you are and have a business that's profitable and rewarding and a source of great pride. So we made the decision not to grow."

If the business survives, you will sooner or later have a choice about how far and how fast to grow. There is a choice, and the payoff for choosing the less-traveled path can be huge. It can affect every aspect of your business — from your relationships with your fellow colleagues to the control you have over your time and your destiny, to the impact you have on the world around you, to the satisfaction and fulfillment you get out of your personal life.

Unfortunately, many people have to pass through a major crisis to recognize the choice they have. They have a moment of revelation — often right as they're about to make an irrevocable decision — when they suddenly see they have another option. For Fritz Maytag, that moment came as he was getting ready to take Anchor Brewing public. For Gary Erickson, the moment arrived as he was preparing to sell his $39-million-a-year company, Clif Bar, to a midwestern food conglomerate for $120 million. At the last minute before signing the deal, he backed out. After agreeing to pay his partner $65 million over 5 years, he took over as CEO and, he says, created "a healthy, sustainable company that grows by natural demand and that is profitable."

With the help of the people in his company, Clif Bar survived and prospered. Over the next 5 years, the company more than doubled its sales, from $39 million in 1999 to $92 million in 2004, and it did so without taking on any outside investors or even greatly expanding its work force.

If you want to have the choice, you have to fight for it. All successful businesses face enormous pressures to grow, and they come from everywhere — customers, employees, investors, suppliers and competitors. Those forces will make the choice for you if you let them, in which case you will lose the opportunity to chart your own course. ■

# Who's in Charge Here?

It is important to take note of the pressures that entrepreneurs have to deal with and that can push any company in a direction its founder never intended to go. You can't build a small giant if you're in an industry where your success depends on how big your company becomes. The pressure to grow fast is irresistible, and sooner or later you'll have to look for outside financing.

Even if you don't go into a scale-based business, you're still likely to face enormous pressure to bring in outside investors, simply because of the economics of growth. You almost always lose a significant portion of your independence when you sell stock to outsiders, even if the business remains privately owned. As a result, it becomes much more difficult to make the kinds of choices that the small giants have made.

### *Pressures*

Even if you manage to keep ownership inside the company, you still have to contend with other forces pushing you in directions you didn't necessarily want to go. In some cases, you may feel pressure from big competitors, or the fear of big competitors. Suppliers, too, will urge you to grow as fast as you can. But the most intense pressure often comes from two sources that both determine and define your success as a business, namely, your employees and your customers.

A great company needs to have great people working for it, but you can't attract or hold on to them unless they have room to grow. That is why many owners wind up putting their companies on a path of aggressive growth, even if they themselves might prefer to reign it in. "I didn't feel I had a choice," says Jim Ansara, the founder and

*(continued on page 4)*

For additional information on Fritz Maytag's eye-opening realization, go to: http://my.summary.com

## Who's in Charge Here?

*(continued from page 3)*

chairman of Shawmut Design and Construction in Boston.

The small giants have all had to keep their best people engaged and challenged or run the risk of losing them. In most cases, the answer has been a kind of controlled growth that has preserved the company's culture while creating new opportunities for employees. Growth is a natural byproduct of the company's success in pursuing its central purpose and reason for being, whatever that may be.

### *Market Pressure to Grow*

It's the market pressure to grow that is the most problematic for any company to deal with. For openers, there's the psychological factor. The pressure is there, after all, because people like your product or service and want a chance either to buy more of it themselves or to make it available to large numbers of customers who don't have access to it now. Either way, the pressure is a powerful indicator of your success. It's the fulfillment of the dreams you had when you started the company.

Many people can't say no, especially male entrepreneurs. Even if he knows that his company and his people aren't ready to handle the growth, even if he realizes that the growth may transform the company in ways he can't foresee and may not like, he has trouble turning business away. By the time you realize that the company is too big, you've made many commitments — to customers, employees and suppliers — that are hard to break. At that point, you find out just how deeply you care about being the best at what you do.

### *Ego*

There is one other major source of pressure to grow. It comes partly from the social and cultural environments in which we all live and work, and partly from something in the entrepreneurial psyche. Robert Catlin, founder and CEO of Signature Mortgage Corp. in Canton, Ohio, is one person who has struggled with it. He developed a system that allowed his 16 employees to outperform mortgage companies with three or four times as many people.

The company was wildly successful. Friends, colleagues, customers and utter strangers said they couldn't understand why he didn't do the same thing in other midsize markets around the country. "People tell me all the time, 'You're crazy, pal. You're missing a golden opportunity,'" he explains. "I say, 'Hey, I'm doing just fine. I have control. I have freedom. I have family time and travel time. What more can I ask for?'"

The notion that bigger — and more — is better has so pervaded our culture that most people assume all entrepreneurs want to capitalize on every business opportunity, grow their companies as fast as they can, and build the next Microsoft or Citicorp. That widespread assumption, in turn, can become another pressure to grow, especially when considerations of status and prestige come into play. "It's really tough — because it can be an ego thing," says Catlin. "I spend a lot of time soul searching. What is most important to me? What's this all about? What do I want to do with my life? The world says, 'Go. Get bigger. Go. Go.' But I don't see why I should."

### *A Positive Difference*

A small giant's mojo comes, in part, from an active appreciation of a business' potential to make a positive difference in the lives of the people with whom it comes into contact. That appreciation makes possible the intimacy the small giants are able to achieve with employees, customers, suppliers and the community — an intimacy that is both one of the great rewards and one of the crucial generators of the mojo they exude. ■

# The Mona Lisa Principle

The Asbury Delaware Methodist Church stands on the main road leading into Buffalo, N.Y. It's one of the city's many architectural masterpieces that date back to its glory days in the late 19th century. Today, it is the home of Righteous Babe, the music company founded by singer-songwriter Ani DiFranco. It's also a symbol of hope for the city of Buffalo.

Ani DiFranco grew up in Buffalo playing her guitar and singing her songs in local clubs, and she has remained fiercely loyal to the city even after she became a star. She has hundreds of thousands of fans around the world and has sold millions of her CDs, plus a smaller number by other artists, under the Righteous Babe Records label.

### *Creating Local Jobs*

DiFranco could have located her business anywhere, but she's chosen Buffalo over New York, Los Angeles or other cities with modern recording facilities and many musicians. She and her business partner, Scot Fisher, insist on using local suppliers to make the company's T-shirts and other merchandise, to print its album notes and posters, and to manufacture its cassette tapes and CDs. In the process, DiFranco has played a major role in building at least three local businesses in addition to her own and is directly responsible for creating about 125 jobs in a city with one of the highest unemployment rates in the Northeast.

But it is what she's done with the church that has made the biggest impression on the city's psyche. The building was a ruin by the time Righteous Babe got involved. The church would have been demolished in 1995 had not Fisher, an ardent preservationist, helped

*(continued on page 5)*

For additional information on Ani DiFranco's decision to stick with her own company, go to: http://my.summary.com

## The Mona Lisa Principle

*(continued from page 4)*

raise $50,000 to make emergency repairs. In 1999, Fisher and DiFranco decided to buy the church, restore it, and use it to house the company's headquarters, as well as a new concert venue, a jazz bar, an art gallery and the offices of the city's leading avant-garde arts organization.

### *Intimately Connected*

All of the small giants are so intimately connected to the place where they're located that it's hard to imagine them being anywhere else. Anchor Steam is a San Francisco institution. CitiStorage is Brooklyn to the core. The same could be said for Clif Bar and Berkeley. And the influence runs both ways. The companies shape their respective communities, and the communities shape them.

Danny Meyer of Union Square Hospitality Group, for one, views the community as a critical factor in deciding where he will open a restaurant, and what type of restaurant it will be. "I don't want to do a new project unless it's special in some way, and that means the context has to be right," he says. "I don't know what's special about the way the Mona Lisa is framed, hung and lit, but I do know that the effect would not be the same if it were framed, hung and lit in a different museum, in a different city, in a different country." That's one reason he and his colleagues at Union Square Hospitality Group turned down developers who wanted them to open a Union Square Café or a Gramercy Tavern in Las Vegas. "Those restaurants are part of their community, and the community is part of what they are. They wouldn't fit in in Las Vegas, given the transience of the people and the nature of the place. It's the wrong context."

### *Deeply Rooted in the Community*

The small giants are all deeply rooted in their communities, and it shows. Each has a distinctive personality that reflects the local environment, often in ways that may seem superficial or quirky on the surface but that actually play an important role in the business' success.

Righteous Babe is a good example. It has the feeling of a small, hometown business, despite its national renown and international customer base. Fisher believes the city has something to do with the company's longevity. "IRS Records wanted to sign Ani, and we went to see them in Los Angeles," he says. "They had this beautiful office. I thought, *Who's paying for this?* I couldn't see anything they had that we really needed. IRS had a phone; we had a phone. IRS had a fax machine; we had a fax machine. They said they could get Ani's music to a larger audience, but we didn't think she needed them to do that. Now IRS is gone, and we're still here. We must have done something right. And I think that staying in Buffalo all this time, working in a modest office, was a factor. It helped us keep things in perspective."

All the small giants have similarly symbiotic relationships with the communities in which they've grown up, and the vitality of those connections is part of their mojo. The companies' owners and employees have a strong sense of who they are, where they belong, and how they're making a difference to their neighbors, friends and others they touch. All that contributes to buzz around the business, as well as the passion people feel for what they're doing.

### *Social Responsibility*

When it comes to social responsibility, there's a difference between people spending their own time and money on a cause and a corporation spending somebody else's time and money on it. What the small giants do is consistent with that distinction. Not only do they generally avoid taking initiatives that carry the whiff of ulterior motives but they also follow the rule that — to be a meaningful expression of generosity and support — an act of charity has to be individual, personal and largely unheralded (though not necessarily secret). ■

# Ties That Bind

Extraordinary customer service has always made good business sense, no matter what you have to do to provide it. From eye-popping service come industry legends, rave reviews in the media and the fabulous word-of-mouth, which is the most effective marketing tool a company can have.

Danny Meyer of the Union Square Hospitality Group calls the service at his restaurants "enlightened hospitality." He doesn't deny the importance of traditional customer service, but he regards it as a set of technical skills. Enlightened hospitality, on the other hand, is an emotional skill involving the ability to make customers feel that you're on their side. Examples include the manager who offers to return by messenger or Federal Express the handbag that the customer left behind, rather than simply holding it for her until she comes to get it. Or the maitre d' who puts a rose on Table 27 for Mr. and Mrs. Knightly, knowing they always sit there on their anniversary because that's where he proposed to her. Beyond that, Meyer can provide staff members with a computer system that will help them remember such details.

### *Personal Customer Service*

"Personal" is the key word. Great customer service involves demonstrating to customers that you value their business and will go the extra mile to keep it. Enlightened hospitality means showing them that you care about them personally. You don't want them just to

*(continued on page 6)*

## Ties That Bind

*(continued from page 5)*

be satisfied; you want them to be happy. It's a step beyond service, and it requires the company to develop an emotional connection with customers through individual, one-on-one, person-to-person contacts.

You don't have to be in the restaurant business to connect with customers in that way. The other small giants don't call it enlightened hospitality, but they do much the same thing. It is a key element of their mojo, and the one most visible to the outside world.

Intimate customer relationships also figure prominently in the mojo of the small giants in manufacturing, but the challenge they face is different from — and, in some ways, more complex than — the one confronting retail businesses and service companies. It requires organizing the entire company around tailoring products to customers' individual needs.

### *Supplier Relationships*

Customers are not the only outsiders with whom the small giants have intimate relationships. There are also the suppliers that make it possible for them to achieve the level of excellence to which they aspire.

Companies that succeed in developing a sense of community with their customers and suppliers through integrity, professionalism and the direct, human connection find themselves in possession of one of the most powerful business tools in the world.

It's generally not the people at the top of the mojo companies who create the intimate bonds. It's the managers and employees who do the work of the business day in and day out. They are the ones who convey the spirit of the company to the outside world. ■

# A Culture of Intimacy

ECCO is a company located in Boise, Idaho. It is the leading manufacturer of backup alarms and amber warning lights for commercial vehicles. CEO Ed Zimmer has a lot of contact with his employees. Among other things, he holds a regular monthly lunch with all the people who have a birthday that month, and they talk about themselves, the company and whatever else they want to discuss. There's also a companywide meeting each month to go over the financials, as well as a steady flow of financial information between meetings.

"Things aren't secret here," says 9-year company veteran Michelle Howard. "Everything is shared, which makes me feel safe. ECCO cares about the people who work here, and we care about each other. I can't imagine going anywhere else. I'll stay here as long as they'll have me. I want to help make this company as successful as it can be."

The small giants have cracked the code to creating a motivated work force. Indeed, the relationship between the employees and the company is the entire basis for the mojo they exude. Unless a significant majority of a company's people love the place where they work; unless they feel valued, appreciated, supported and empowered; unless they see a future full of opportunities for them to learn and grow, mojo is simply not in the cards. This is because everything else that makes a company extraordinary — a great brand, terrific products or services, fabulous relationships with customers and suppliers, a vital role in the community — depends on those who do the work of the business, day in and day out.

### *Creating Intimacy*

This is not just about morale. The other factor that promotes a profound sense of belonging, of psychic ownership, is intimacy: a relationship so close employees never doubt that the company, its leaders and the other people with whom they work care about them personally and will stand by them through thick and thin as long as they hold up their end of the bargain.

Obviously, the ability to create such intimacy has something to do with size. There is generally an inverse correlation between the number of people who work for a company and the strength of their emotional ties to it. There is a limit to the number of employees a company can have and still maintain those intimate, personal connections. The limit varies from company to company.

On one end of the spectrum is Anchor Brewing, whose owner and CEO, Fritz Maytag, has consciously strived to keep the number of his employees as low as possible. For most of the past 20 years, the head count has hovered around 50 full-time people. He has never been tempted to hire more. In an interview with *Harvard Business Review*, he said his idea was "to have a small group of people, where everyone knows they're interrelated and where, as far as possible, everybody is in charge and nobody is looking over anyone's shoulder and there are no time clocks."

### *Direct Contact*

A company's ability to achieve the kind of intimacy the small giants create depends to some extent on the relationship between the person in charge and the employees. If you have no direct contact with a substantial number of the people depending on you for their livelihood, it is extremely unlikely they will feel the intense, emotional attachment to the business seen in close-knit organizations where everybody spends time together, has important experiences together and knows what's going on in one another's lives.

Such personal connections alone do not produce the kind of commitment seen in the small giants. What

*(continued on page 7)*

## A Culture of Intimacy

*(continued from page 6)*

exactly can be done to create an environment in which people feel their lives are so intimately tied to the business that, as a matter of personal pride, they do everything they can to help it achieve its aspirations and become the best at what it does? First, get the basics right. Make sure you have the right people on the bus, and keep the bus in good running condition. Also, if you want a company that cares, you need people who care, and they need to be motivated by more than money.

There are three broad imperatives that all small giants pursue in different ways and with different means. These imperatives must be a priority if the company wants to create a culture of intimacy and the mojo that goes with it:

**1. Articulating, demonstrating and imbuing the company with a higher purpose.** The higher purpose makes the work people do meaningful; it continually reminds them how their contribution matters and why they should care about giving their best effort.

**2. Reminding people in unexpected ways how much the company cares about them.** The crucial word is "unexpected." The small giants go out of their way to make sure the message gets through, either by doing what most companies wouldn't dream of doing or by using one of the standard tools in an unusual way.

**3. Collegiality.** This refers to feelings that employees have toward one another, the mutual trust and respect they feel, the enjoyment they get out of spending time together, their willingness to work through any conflicts that might arise, their collective pride in what they do and their collective commitment to doing it well. ■

## Galt's Gulch

Every new business represents an attempt by its founder, or founders, to reorder the world in some way. Most founders do so, however, without giving it much thought; and very few, indeed, think about how far they can go in reordering the world — which is not surprising.

The founders, owners and CEOs of the small giants stand out in part because of the extent to which they have thought about and worked on the basic questions about the kind of culture and organization they want.

They have various management philosophies, and their companies have quite different cultures and ways of operating. But together they illustrate the range of possibilities that a closely held, private company has in shaping the world inside its walls. In that sense, each company is its own version of Galt's Gulch in *Atlas Shrugged* — a haven for people who have a common vision of the kind of society in which they want to live and work.

One other element needs to be considered in any discussion of how the founders of small giants create organizations that have such a powerful impact on the people with whom they come in contact — especially their employees. A few founders have thought about the way they are perceived, analyzed it, and incorporated it into their management philosophy.

Fritz Maytag of Anchor Brewing says, "I think there's a certain amount of magic to all this, and the more you understand it, or think you do, the more you may lose it. Good management in a small company involves a certain freshness and responsiveness and natural feeling that is by definition partly unspoken, unarticulated, undefined."

You can't have real intimacy without a good deal of freshness, responsiveness and natural feeling. The bigger the role those spontaneous qualities play in the way the company is managed, the more mojo it is likely to have. ■

### How Hammerhead Attracts Talent

The four movie industry veterans who started Hammerhead Productions, the visual effects company in Studio City, Calif., wanted a business that would allow them to pursue their creative passions. They felt constrained at the large visual effects companies and didn't have the flexibility they needed to do the kind of work they most cared about. They also wanted a culture that was more open and less hierarchical than those of most larger special effects companies, a culture in which people would work autonomously, without supervision.The founders wanted it for themselves and because they believed it would help them attract the kind of animators they were looking for.

## Pass It On

A small giant faces no greater challenge than making its mojo last. That's hard enough to do under the best of circumstances, as history attests. It is infinitely more difficult to do so while simultaneously undergoing a transfer of ownership and leadership.

To begin with, it almost always requires the owners to make significant sacrifices. Among other things, they must be willing to accept a lower price for their stock than they could get if they simply sold to the highest bidder.

Even if the owners are willing to sell the company for less than they might otherwise receive, there's still the problem of finding buyers with the vision, the passion and the talent to guide the business while continuing to nurture the qualities that have given it its mojo in the past. Most likely, those people are already working in the company. They understand better than anyone else what it takes to create mojo in that particular business because they've been part of making it happen.

*(continued on page 8)*

## Pass It On

*(continued from page 7)*

Given both the complexity and the emotional ramifications of the issues involved, it's no wonder that most owners of private companies put off dealing with succession as long as they can — often until some life-threatening event forces them to face up to their mortality.

### *Making Mojo Last*

Making mojo last does not mean keeping the company the way it is, or was. Mojo does not insulate a business from the marketplace. Small giants must adapt to changes in the competitive environment just like every other business, but they usually have an easier time of it, thanks to the same practices and beliefs that give them their mojo to begin with. They have an easier time in the first generation, while the founders are still around and driving the change, but the founders' very success can often become a significant obstacle to the leaders who follow them, especially when it becomes necessary to make fundamental changes in the way a company does business.

For some small giant founders, succession is not in the cards. Some companies' mojo will last only as long as they themselves are involved because the business can't survive without them. When a company is built around the unique talents of artists — such as Selima Inc., the dress company of Selima Stavola, and Righteous Babe, the music business of Ani DiFranco — it is almost impossible to imagine the company without its founder. ■

# The Art of Business

What is the essence of the mojo all the small giants have? The answer has more to do with the people than with the businesses. The owners and leaders of these companies stand out for being remarkably in touch with, and focused on, what most would probably agree are the good things in life. They are very clear in their minds about what life has to offer at its best — in terms of exciting challenges, camaraderie, compassion, hope, intimacy, community, a sense of purpose, feelings of accomplishment and so on — and they have organized their businesses so that they and the people with whom they work can get it. When outsiders come in contact with such a business, they can't help but feel the attraction.

## Choosing to Say No

Danny Meyer of the Union Square Hospitality Group says, "I've made much more money by choosing the right things to say no to than by choosing things to say yes to. I measure it by the money I haven't lost and the quality I haven't sacrificed."

The company is cool because what's going on inside it is good, it's fun, it's interesting and it's something with which you want to be associated. From that perspective, mojo is more or less the business equivalent of charisma. Leaders with charisma have a quality that makes people want to follow them. Companies with mojo have a quality that makes people want to be part of them.

All that starts, however, with the creative impulse to which Bernie Goldhirsh referred when he talked about entrepreneurs as the artists of the business world. If there's one thing that every founder and leader of a small giant has in common with the others, it is a passion for what their companies do. They love it, and they have a burning desire to share it with other people. They thrive on the joy of contributing something great and unique to the world.

Selima Stavola feels that passion for her art of clothing design. "I tell you, I wake up in the morning, and it's the best hour for me — because I'm so excited about going to work," she says. "It all comes down to, are you happy with yourself when you tackle a new day?"

There is a balance between art and business in all the small giants. They demonstrate that it's possible for the business side and the creative side to live in harmony. What makes it possible are the company's priorities. The business is the means people are using to pursue their passion, and not the other way around.

Mojo is not as scarce as some might suppose. Companies that have it are all over. Small giants are the heart and soul of the American economy, and they are setting a new standard for excellence on Main Street.

It's a standard to which thousands of companies can aspire, and many can achieve. What businesses do and how they do it have an impact that extends far beyond the economic sphere. They shape the communities in which we live, the values by which we live, and the quality of the lives we lead. There are no businesses that hold themselves to higher standards than do the small giants. ■

### SOUNDVIEW RECOMMENDED READING LIST

**If you liked *Small Giants*, you'll also like:**

1. ***The Growth Gamble*** **by Andrew Campbell and Robert Park.** The authors' invaluable New Businesses Traffic Lights Toolkit shows businesses what they need to grow smartly.
2. ***In Good Company*** **by Don Cohen and Laurence Prusak.** The authors explain how to build up the human connections that make up your company's social capital.
3. ***Small Business Turnaround*** **by Marc Kramer.** Kramer offers a step-by-step manual for turning around your small business — from writing updated business, marketing and operating plans to cutting costs, boosting sales and getting creditors on your side.
4. ***The Alchemy of Growth*** **by Mehrdad Baghai, Stephen Coley and David White.** The authors introduce the concept of strategic planning built around three "horizons," reflecting the company's present, short-term future and long-term future.
5. ***The 4 Routes to Entrepreneurial Success*** **by John B. Miner.** Miner helps you determine if you have what it takes to start and grow your own business, then tells you how to make it succeed.

· Book 47 of 67 ·

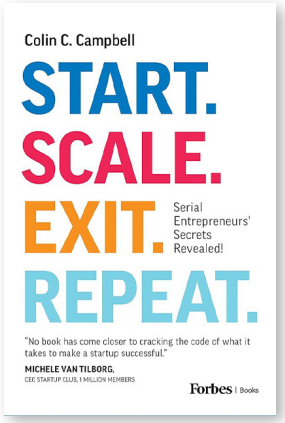
# Start. Scale. Exit. Repeat

Colin C. Campbell

soundview
Executive Book Summaries®

# Start. Scale. Exit. Repeat.

## Serial Entrepreneurs' Secrets Revealed!




*by* **Colin C. Campbell**

## Contents

Start
*Page 2*

Paying for Your Idea
*Page 2*

Scale
*Page 3*

Scale Quickly, Kill Quickly
*Page 3*

Exit
*Page 4*

The Case for Selling
*Page 4*

Repeat
*Page 5*

Track Your A Players
*Page 6*

## THE SUMMARY IN BRIEF

What makes a startup successful? Is it dumb luck, hard work, or is there a winning formula? These are questions that author Colin C. Campbell has been working to answer for over thirty years as a serial entrepreneur. In analyzing the answer, he came to three conclusions. The first is that for every business he'd been involved in, there had been a new wave, a macro change, or a paradigm shift that presented an opportunity for the business to uniquely solve a problem rather than replicate what someone else was already doing. Second, he was always asking himself what he could do to protect and defend the company. And third, all of the successful ideas had been scalable. But was it just him? Did he just get lucky?

The truth is that every small business can grow if the owner so chooses and if they have a clear map or strategy that is applied through action. ***Start. Scale. Exit. Repeat.: Serial Entrepreneurs' Secrets Revealed!*** is a guide that will walk you through how to do it, from Starting, Scaling, Exiting, and Repeating the process with useful tips and big takeaways along the way.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to start building a business around an idea.
- Why choosing to scale is what will make or break your business.
- Why exiting your business is better than keeping it.
- How repeating the journey is what defines you as a serial entrepreneur.

## START

Every business begins with an idea. Then you have to Start by building a business around the idea, including assembling a successful team and taking your idea to market. Obviously, this is what lays the foundation for every other stage of business, since nothing else can happen if you never get your startup going to begin with. It's like taking two rocks and smashing them together to make a spark. Ever tried it? It's not easy!

### Story: Ideas are Everywhere

The strongest ideas always begin with why. It will be extremely difficult to be successful if there's not a clear purpose driving your idea. It doesn't have to be a big thing–it just has to be something you really care about. If you don't have a why, then you probably don't have anything at all.

People that come up with business ideas more easily than others are consciously looking for them. Not every good idea is a slam dunk. and not all ideas are equal. if you want it to really take off as a business, it must answer the following questions:

- Does it solve a real problem?
- Is it scalable? Does it solve a problem for enough people to grow the business?
- Is it protectable? Can you create a moat that defends your idea long enough for the business to grow?

These questions will help you know whether you're on the right track or whether your idea can provide real value to others, allowing it to grow into a viable business.

### People: Hiring and Paying

The unfortunate side of being a startup is that you have no money. Which begs the question: how are you going to hire A players when you simply cannot compete in terms of salary and benefits?

It's not all about money but about employee happiness and development. Startups have an advantage here because you have an opportunity from the very beginning to build quality relationships with the people you hire. Since you can't compete on salary, you can pay them in love, ownership, and freedom instead.

There are three simple ways you can pay in love:

- Recognize greatness. When people are recognized for their hard work, they feel truly cared for and seen.
- Learn who they are and who they want to become. Know something about your people beyond the skills and experiences on their resume. Learn where they want to take their career and how the startup can fit into that.
- Focus on their continuous development. When you know who people are and where they want to be, then you can look for ways to develop them in that direction.

From a financial perspective, there are practical ways you can pay people with ownership:

- Annual bonuses based on company performance
- Stock options
- Gifting of shares

You can give people freedom they wouldn't have at a corporate job, by allowing:

- People to bring their dogs or kids to work
- Fully remote work
- Customized work hours

At the end of the day it's a two-way street. You get to choose who will work for you, but they also get to choose if they will work for you. It takes a special and different kind of person to join a startup, so appreciating them can go a long way in whether your startup is a success or not.

### Money: Paying for Your Idea

Now it's time to prove that your concept can generate money–both in terms of bringing along investors and in sales. Proving your concept isn't a one-and-done activity; instead, it's all about proving to investors that it will scale through a repeatable formula.

Investors don't want to invest in businesses that aren't scalable, so providing the proof that your company is scalable helps them assess the risk. The more clarity you can offer them, the greater the chance of closing the investment and at a higher valuation.

Before you do much of anything else, you have to pour some money into developing a minimum viable product (MVP), something that takes the idea from being a concept to being tangible. Ideas are tough to fund. Having something visual that you can show to potential customers–and then, later on, to potential investors–drastically increases your chance of success.

If you are not selling a product, but rather providing a

> Scaling isn't something that happens by accident–you have to choose to scale.

service, you can still develop something visual. Photographers have portfolios and remodeling companies show before-and-after pictures. Consultants show graphs detailing the impact of their services.

The point is to provide some kind of visual to prove the value. It will take money and time to develop this, but you won't get far without them.

Raising money for a startup is daunting, whether you've done it before or not. This piece of the process can be so difficult, especially if you don't have a lot of collateral to show the bank to get approved for a traditional business loan. But the good news is that there are other options available to help you pay for your idea and turn it into a reality.

This bit of advice feels painfully obvious, but you might be surprised how often it gets overlooked and how often new entrepreneurs just skip right over the notion of funding their idea themselves through hard work and saving money. Early funding to prove your concept has to come from yourself–maybe you set aside a portion of your regular paycheck to develop your business, or maybe you decide to liquidate part of a retirement account or take out a personal loan.

Banks are ruthless and difficult to deal with. That doesn't mean you shouldn't ever try to secure a business loan, but don't fall into the trap of thinking they're the only organizations to tap for startup funding.

Incubators have money they are willing to give to startups. Not only will they help you improve your idea but also will surround you with a group of trusted advisors who can help you find additional ways to raise the money you need–without having to forfeit control to a group of investors.

Paying for your ideas is a concept that's never going to go away for as long as you have your business, so it's important to get creative with funding early on and to use those lessons to help you grow.

## SCALE

Success often comes down to whether or not you can scale the business. Growing your business–or what can be called scaling in zeros–means adding zeros to your revenue and profits. This is where you will identify and take advantage of what sets you apart and then track those benchmarks, key performance indicators, and goals to measure and drive results. In this stage it's all about throwing gasoline on the fire. Ever tried that? It's pretty easy!

### Story: Scale Quickly, Kill Quickly

Scaling isn't something that happens by accident–you have to choose to scale. Sometimes as entrepreneurs, we can be our own worst enemy. Sometimes we love an idea so much, we won't walk away from it when we should–or sometimes we're so afraid of the risk involved in growing, we walk away too soon and never challenge ourselves. But the key differentiator is this–if it's not growing, then it's dying.

If sales and revenue are going to flatline, you have to admit defeat or break the mold. Sometimes your idea ends up being a lot harder to scale than you predicted or a new variable comes along to disrupt things.

There are two approaches when you get to that point, and the first one is to admit defeat, find a way to package it to a seller, and get the hell out of dodge!

The key thing is to not wait until it's too late. You need to do it as quickly as possible once you've made the decision to walk away, or else you'll run out of oxygen and suffocate instead of being able to sell.

The other approach is to break the mold. This is where you realize that maybe things aren't going quite the way you thought they would, but you discover a way that you can pivot the business. Sometimes this means revisiting your purpose itself, because the purpose you had in Start may not be the one to carry you through in Scale.

In Scale, you're no longer worried so much about survival but about thriving and growing. This is what is referred to as scaling in zeros. To scale in zeros you have to start asking yourself if what you are doing will get you to 10x.

One of the biggest problems entrepreneurs have is that

they fail to make a shift in mindset to start thinking in zeros. They flatline because they're doing the same things with the same people that made them successful in the beginning–but that's exactly why they're flatlining–because they're doing the same things.

The key principle of scaling is to start thinking of scaling even when you're still in Start mode, because it's a lot harder to make this shift in mindset than you realize. If you think in zeros, you can begin to grow in zeros.

### People: Building Your Team for Scale

In building your team during Scale, you're going to use some of the same concepts you did in Start, but it's going to look a bit different because what made you and your team successful then can't be exactly duplicated to grow. And that starts with you.

Too often what gets an entrepreneur to start a business successfully is what ends up undermining them when they try to scale. Entrepreneurs tend to have dominant personalities and be a little too tough on the people around them.

During scale, you have to learn your proper place on the team. You can't do everything anymore and be effective–and you're more likely to hurt things rather than help by dominating others on the team.

Checking your dominance at the door is critical to scaling, and it's usually one of the hardest things at this stage because every entrepreneur wants to control every decision. Instead, you have to learn to rely on other leaders to make the decisions without you weighing in every time. It's that kind of micromanaging that ultimately leads to a failure to scale.

Recognize that your dominance might be your greatest strength, but it's also your greatest weakness and can impair your ability to scale the company if you're not aware of it. Practically speaking, this looks like delegating responsibilities, not tasks. In Start, you *are* delegating tasks, since you're still involved in all the decision-making. But here in Scale, you've got to stop delegating *tasks* and instead move entire *responsibilities* to members of your team so that you're not having to think about every item every day.

### Money: Proof Sells

When you're in startup mode, money is the oxygen that keeps your business alive. But when scaling, your view of money should transform from being oxygen to being the gasoline you throw on the fire to accelerate your growth.

Investors would rather have assurance that you don't need their money to keep your company afloat but that the money they give you is going to purely accelerate growth.

This means you need to be proof-driven and proof-based because the more you can prove that you can scale your company, the higher the valuation your company will be and the better chance you'll have of securing the money you need.

This brings us to the gold standard Rule of 40. It means that if you have a net zero profit margin, you need to be able to show 40% growth. If you have a 10% profit margin, then you must be able to show 30% growth. If you have a negative 10% profit margin, then you need to be able to show 50% growth.

It all boils down to the idea that it's okay to lose money so long as you're growing–meaning money is still coming in. Being able to show that data to investors helps them have confidence to invest in you when you're ready to scale.

As long as you can educate an investor group about why you're losing money and what your goals are, then it can bolster their confidence.

## EXIT

When you've successfully scaled your business, you'll attract the interest of potential buyers. Knowing when it's time to sell, expanding your efforts for maximum valuation, and navigating the negotiation are all complex but essential skills for an entrepreneur.

### Story: The Case for Selling

Why sell? Why not just keep on growing and driving profit? There are different philosophies to how you answer those questions for yourself, and the decision to sell or not is one that you will have to come to terms with. The formula of Start, Scale, Exit, and Repeat can be used successfully over and over and is a much less risky approach than Start, Scale, and Keep.

There are a couple of reasons why exiting is superior to keeping a company. Probably the most pronounced is that the world changes. What is thriving today may not be applicable 10 years from now.

Sometimes, keeping a company can set you up to get stuck, like a wooly mammoth trapped in a tar pit. Instead of moving forward, you could go extinct,

As you prepare for the exit, start looking at how you can remove yourself from the equation of the company.

Be aware that the world is always in a state of change and be on the lookout for the next wave that you can catch. It's hard to be watching for those waves when you're on the beach trying to patch together the sand castle being washed away.

Think of it as laddering up wealth. Start. Scale. Exit. Take some money off the table. Repeat. Laddering up is not giving up. It's simply choosing to sell your business to provide security and wealth over a career.

Your identity should never be based on one company. For many successful entrepreneurs, it's hard to imagine that they won't be the CEO of their company. But selling is not the end. It's simply the beginning of your next venture.

Your trade is entrepreneurship. This is the ultimate reason for exiting instead of keeping. We just need to make certain that when we sell, we do so at the right time and to the right buyers for the highest possible dollar.

### People: It's Not About You

You may recall back in Scale that we discussed the importance of checking your ego at the door. In Exit, it's time to multiply that concept by about a hundred.

When you're at the negotiating table and the conversation turns to you, your job as the entrepreneur is to minimize your role and to emphasize your people. Minimizing the value of *you* maximizes the value of your *company*.

Exit isn't the time to have a big ego, which sounds counterintuitive. After all, as an entrepreneur who has successfully scaled a company, it's natural to want some recognition for all the hard work and sacrifices you've made to get it to this point. Maybe you've even won deals in the past through the force of your personality, so it's natural to think the same strategy will work here.

But the negotiating table is a completely different ball game than pitching to investors. Here you'll want to do the opposite of what you're used to doing in pitching.

Instead of being bold and promoting yourself and your vision, you're going to want to play down your role in things. Check your ego at the door and diminish your own importance.

As you prepare for the exit, start looking at how you can remove yourself from the equation of the company. If you're the CEO or president, replace yourself. if you're taking a salary, then stop. This increases the overall valuation, but it also serves as proof to say, "I'm not on the payroll because I don't do anything that deserves being on the payroll."

### Money: Liquidity or Control

Anything can happen at any time to derail your deal. The big lesson to keep in mind first and foremost is: liquidity or control. Don't ever give up both in a deal, no matter how good it sounds. You need to retain one of those in any deal you make.

When giving up control of the company, you have to truly understand that you're in the backseat; you are *not* the decision maker anymore. Even if the buyer puts you on the board and grants you a seat at the table, sometimes it's just for show.

The reason a lot of acquisitions end up failing is that the buyer doesn't understand the culture of the business that's been built while it was under your control. If you're giving up control to get the liquidity, you have to be all right with the fact that they might run things into the ground.

If you're going with liquidity rather than control, make sure it's *true* liquidity–something that you can actually trade on the market for cash. When you have the ability to liquidate within a day or two, you and your team can walk away with something for all your hard work, even if things start to crumble.

## REPEAT

This is the stage where you get to define yourself as a serial entrepreneur. Finding your next business venture and taking key learnings and assets with you are essential to being able to Repeat.

### Story: Ideas Are Everywhere Again

Ideas are still everywhere but in Repeat the focus is on how to get ideas for new companies. You need to be thinking about your next company while at your current company that you intend to exit. Sometimes it can be worth sticking around at a company as part of the acquisition deal, especially if you don't have a new idea yet.

Being inside a company gives you knowledge and leverage to launch the next one, increasing your chance of success and decreasing your time frame from Start to Exit. The partnerships, distribution channels, and relationships built in each company can help accelerate the growth of the next. You don't even have to own a company to see opportunities. You just need to be in the industry you love.

It's better to stay engaged in the industry so you can figure out either what bottlenecks exist there or where the next wave is coming from. And the cool thing is that you can be collecting a salary while trying to determine the next big idea!

### People: Track Your A Players

In the same way that we had to check our ego at the door in Scale and remember that it's not all about us in Exit, the same is true in Repeat. Regardless of how involved you are at the start of your new venture, you're going to need people.

Back in Start, we talked about the importance of finding A players. By the time you reach Repeat, this should be simpler because now you should have a roster of all-stars to draw from. It's not your first rodeo, so why not track those A players from company to company?

People are so key to your company's success that it's just common sense that you increase your chances of repeating when you can re-engage the strengths of the people who helped you succeed in the past.

This is also why it's so important to treat people well, recognize greatness, share the wealth, and delegate well–you want to always give people a reason to say yes when you have a new opportunity for them that can benefit you both.

### Money: Dress for Success

We have all heard the phrase dress for success. Well, it could not apply better than when you need to raise money for your next venture. But we don't mean a literal dress code for success.

Dressing for success isn't about outward appearances–it's all about reputation. As a serial entrepreneur your reputation is your greatest asset, especially when it comes to funding your next venture.

Nothing is more important for raising money than your reputation. Your ability to point to prior success is crucial. Even one misstep can spell the end of your next venture.

There are not too many investors who have invested in an entrepreneur, lost money, and then wanted to go for another round. The best way to ensure that you don't misfire is to have all of the strategies we've been discussing here in place.

You can have the most expensive outfit and the snazziest hairdo out there. You can use all the buzzwords and fancy presentations. But if you're not" dressed" with a good reputation, you could end up as a one hit wonder.

Entrepreneurship is a trade like any other, and continuous learning is the key to achieve better and better results. Always remember that your title is not CEO, or co-founder, or executive–it's always entrepreneur.

That *is* the job.

Always consider where you are on your journey as an entrepreneur and figure out the next thing you need to do so that you can Start, Scale, Exit, and Repeat.



With more than thirty years of experience as a serial entrepreneur, Colin C. Campbell has started, scaled, and exited over a dozen companies in partnership with his team. Some of his noteworthy ventures in traditional, e-commerce, and tech sectors include Tucows, Internet Direct, Hostopia, GeeksforLess, and .CLUB Domains. Thanks to his strategic planning and systems, he and his partners continue to launch companies like Paw.com, HipOptical, Pencila.com, Escape Club, and Startup.Club.

***Start. Scale. Exit. Repeat.: Serial Entrepreneurs' Secrets Revealed!*** by Colin C. Campbell. Copyright © 2023 by Colin C. Campbell. Summarized by permission of the publisher, Forbes Books. ISBN 978-1955884969. Published by Soundview Executive Book Summaries®. Copyright © 2024 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 4607

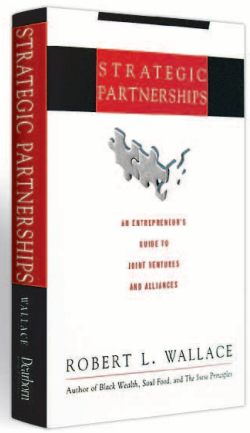
· Book 48 of 67 ·

# Strategic Partnerships

Robert L. Wallace

SOUNDVIEW Executive Book Summaries®

FILE: SMALL BUSINESS — ENTREPRENEURSHIP




By Robert L. Wallace

## CONTENTS

**What Is a Joint Venture?**
*Pages 2, 3*

**Why Enter a Joint Venture?**
*Page 3*

**The Strategic Partnership Model**
*Pages 3, 4*

**Trust Must Be A Two-Way Street**
*Page 4*

**Get Your MOGO Working**
*Page 5*

**Making a Mission Statement**
*Page 5*

**Is Your Organization Ready?**
*Pages 5, 6*

**Should You Enter the Waters?**
*Page 6*

**Know Your Partner**
*Pages 6, 7*

**Making the Relationship Work**
*Pages 7, 8*

### An Entrepreneur's Guide To Joint Ventures and Alliances

# STRATEGIC PARTNERSHIPS

## THE SUMMARY IN BRIEF

*One of the strategies that experts consistently find to be among the most powerful for putting an entrepreneurial company on the path toward economic well-being is the use of joint ventures and strategic partnerships. When done well, these alliances provide both participating businesses with a chance to learn and benefit from each other, and to achieve results neither could achieve alone. Author, consultant and educator Robert L. Wallace has studied the habits and practices of entrepreneurs and, in* Strategic Partnerships, *he shares how entrepreneurial organizations can best leverage their respective strengths, minimize their weaknesses, and pool their resources to attain goals both large and small. He recognizes changing competitive environments, shifts in technology, demographics, and the customer economy, and maps out a path for organizations to follow when they want to accomplish great things and realize they cannot do it alone.*

## What You'll Learn In This Summary

✓ **What are joint ventures?** Joint ventures have specific elements and appear in a variety of forms, depending on how tightly the two partners are linked.

✓ **Why enter joint ventures?** The survival of your organization may one day hinge on your willingness and ability to partner with another company, in order to break into new markets, increase sales to existing ones, or break in new products.

✓ **What do joint ventures look like?** Joint ventures can be complex undertakings, which many entrepreneurs struggle to build and maintain. It helps to have a map or template to follow as you venture into your partnership.

✓ **How do you choose a partner?** Don't skip past your due diligence responsibilities — carefully vet your prospective partner through detailed analysis and recognition of its strengths, weaknesses and goals.

✓ **How do you make the relationship work?** Joint ventures are very much like marriages — there must be trust, communication and a sense of shared interests in any joining of businesses. Even while this is true, you must be vigilant, looking after your own company's interests first and foremost.

Published by Soundview Executive Book Summaries, P.O. Box 1053, Concordville, Pennsylvania 19331 USA
© 2004 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.

# STRATEGIC PARTNERSHIPS

**by Robert L. Wallace**

## — THE *COMPLETE* SUMMARY

## What Is a Joint Venture?

The challenges of growth and success that entrepreneurs face today are unparalleled in American (and perhaps even world) history. The markets businesses serve and the competitors they face are global, thanks to technology that literally opens the world to any organization. Combine that fact with the influx of entrepreneurs who have been "right-sized" out of jobs in larger corporations, and one can easily see how crowded the field — any field — can be. The strategies available for growing one's business boil down to three options — grow organically (plowing all earned revenues back into the business to develop new markets); grow through acquisitions (purchasing existing businesses to expand your reach and product offerings); or aggressively create and leverage joint ventures and strategic partnerships, and embrace "co-opetition."

### *Elements of Joint Ventures*

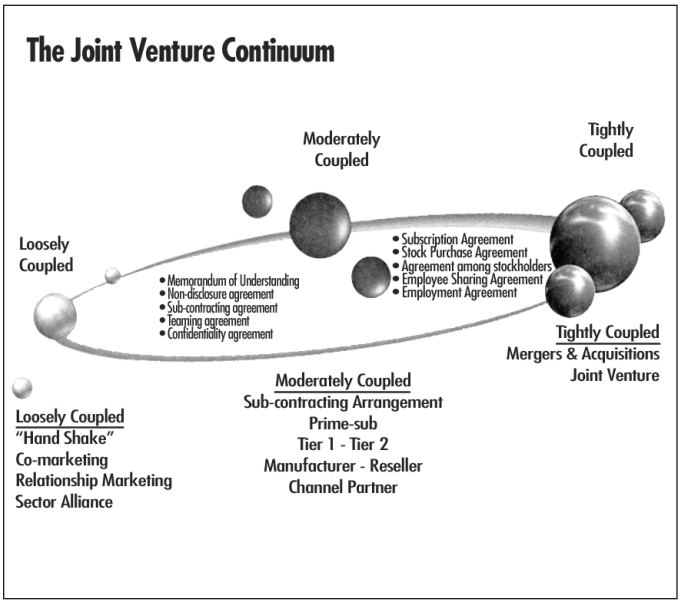
Given the risks, constraints, resource allocation, velocity of change, and global reality that define the customer economy, organizations must master the third option — to create and leverage joint ventures and strategic partnerships — if they want to survive. Joint ventures must have four key elements:

**1. Multiple independent companies.** Most often, two businesses are involved, although ventures between three or more companies are becoming more common. In any case, it is imperative to recognize and address the differences in company cultures, business goals, management structures, and other key aspects of each independent organization.

**2. A clearly defined business purpose.** A joint mission for the venture — one that benefits both organizations — must be established up front.

**3. A mission that cannot be achieved by either party without the aid of the other.** The interdependence that exists when neither side can achieve the mission alone is what holds the venture together and motivates each entity to succeed.

**4. An agreement on the supporting elements of the business purpose.** Partners must agree on targets, products, services and specific duties involved in support of the mission.




### *The Joint Venture Continuum*

Joint ventures may require those four elements, but they can take a variety of forms, varying in terms of cohesiveness of the relationship. Companies considering joint ventures must consider which position on the Joint Venture Continuum (see box below left) best defines the partnering arrangement that will make most sense for their business.

The three points on the Continuum are:

**1. Loosely coupled joint ventures.** Two companies in similar industries pool resources to go after larger contracts or enter new markets together.

**2. Moderately coupled joint ventures.** Two independent companies move beyond an informal relationship to a more formal one.

**3. Tightly coupled joint ventures.** These ventures

*(continued on page 3)*

**The author:** Robert L. Wallace is the founder and chairman of BiTHGroup Technologies Inc.; the founder of EntreTeach Learning Systems, LLC; and the author of *Black Wealth, Soul Food*, and the forthcoming *The Ssese Principles: Guidelines for Creating Wealth Through Faith.*

Copyright © 2004 by Robert L. Wallace. Summarized by permission of the publisher, Dearborn Trade Publishing, 30 South Wacker Drive, Suite 2500, Chicago, IL 60606-7481. 207 pages. $22.00. ISBN 0-7931-8828-8.

Summary Copyright © 2004 by Soundview Executive Book Summaries. www.summary.com, 800-521-1227, 610-558-9495.

**For Additional Information on the author, go to: http://my.summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corporation. Published monthly. Subscriptions: $195 per year in U.S., Canada and Mexico, and $275 to all other countries. Periodicals postage paid at Concordville, PA and additional offices.

**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2004 by Soundview Executive Book Summaries.

**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-521-1227 (1-610-558-9495 outside U.S. and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and Corporate Site Licenses are also available.

**Soundview Executive Book Summaries®**

ROB SMITH – *Contributing Editor*
DEBRA A. DEPRINZIO – *Senior Graphic Design*
CHRIS LAUER – *Senior Editor*
CHRISTOPHER G. MURRAY – *Editor in Chief*
GEORGE Y. CLEMENT – *Publisher*

## What Is a Joint Venture?

*(continued from page 2)*

usually involve a formal integration of resources, infrastructure, processes and services. Commitment between the partners is high, as is the amount of legal paperwork joining the organizations.

As companies move further to the right on the Continuum, their interdependence increases. So do the time committed to the venture, the depth of the relationship, the breadth of cooperative opportunities pursued together, and each firm's willingness to expose its weaknesses to the other partner. The ability of each partner to walk away from the partnership without paying a heavy price decreases — getting out gets progressively tougher the closer the relationship.

In a loosely coupled relationship, the decision to halt joint activities is rather simple — wait until the joint project is completed and then agree to go separate ways. Even with a moderately coupled joint venture, disengaging may not be difficult, although more significant financial consequences may be entailed. ■

# Why Enter a Joint Venture?

Why should you enter a joint venture? Why should you try something you've never tried before and risk failure? Why should you take time from your core business to reach out to another organization that might not even be interested in partnering with you? For many companies, the choice is simple — partner with another company, or die. As entrepreneurs look to find creative, predictable ways to grow their businesses, many will simply conclude they must become proficient at developing joint ventures because the potential for business growth is tremendous.

Through a joint venture, your company can achieve growth by linking with a partner to jointly develop new products and services to sell to existing customers. You could also sell existing products and services to new customers, opening new markets that would take more time to develop on your own. Finally, you might consider selling new products and services to new customers; in this case, you and a joint venture partner can combine core capabilities to create something new and exciting that will attract new clientele.

You can also grow your company by selling more existing products to existing customers, but any growth you might realize from this strategy will be gradual, at best.

### *Playing CHESS*

In addition to understanding what a joint venture can do for your business, it is also helpful to look at the big-picture issues driving the growth of joint venturing — issues that collectively can be termed the CHESS Factor:

- **Competition.** Joint venturing is becoming the norm, rather than the exception, and if "everybody" is doing it, chances are your competitors are among them. Can you afford to be left behind?
- **Historical influences.** For a number of years now in American business, bigger has been considered better. Often, the only way small or mid-sized companies can compete is to band together.
- **Economic climate.** Finding the money needed to develop new products is never easy for small businesses; in tight lending markets, it can often make more sense to join forces with another company on a new venture than to go it alone.
- **Societal events.** Not too long ago, the idea of doing business in South Africa, China or any number of other once off-limits nations was unthinkable. Taking advantage of these and other societal shifts, particularly those on a global level, is often best done through joint venturing.
- **Strategic alliances = survival.** Every business owner must consistently be at the top of his or her game to survive in today's economy and competitive environment. Being part of a joint venture makes it more difficult for competitors to lure away your customers, because the combined resources of two organizations are stronger than the individual resources of one organization. ■

# The Strategic Partnership Model

The majority of entrepreneurs struggle with how to initiate, build and maintain a successful joint venture, in part because such partnerships by nature tend to be very complex undertakings. It helps to have a successful tem-

*(continued on page 4)*

## Toyota Provides Joint Venture Opportunities

Each year, Toyota holds its "Opportunity Exchange," a forum designed to provide minority business enterprises across the nation the chance to network and develop relationships with more than 250 of Toyota's "Tier 1" suppliers (those who supply parts directly to the company). Toyota puts on the forum to provide the initial contact between suppliers and minority businesses with similar interests and business philosophies. After facilitating introductions, Toyota steps back and lets the companies work out their own deals.

"The joint venture has to be one [both sides] can live with," explains Toyota's Theresa Williams. "Together, they have to be responsible for maintaining the relationships and making sure they can provide the parts of the quality that we need in the time frame we need them."

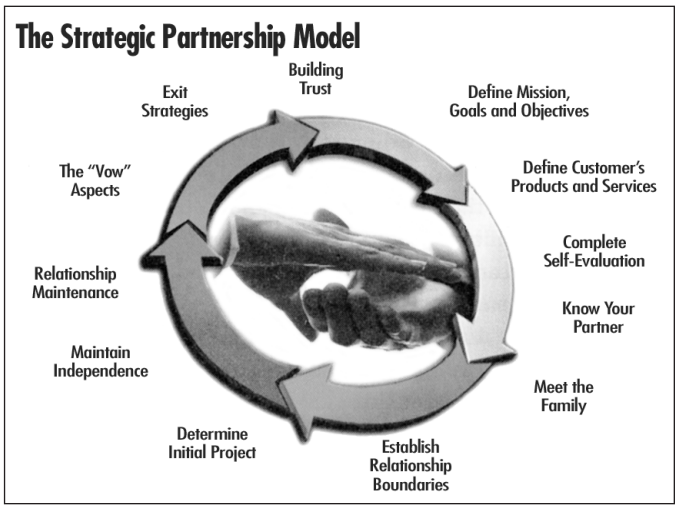
## The Strategic Partnership Model

*(continued from page 3)*

plate, a map to follow, especially the first time you journey into joint venture territory.

The figure below provides that kind of template or map. It's called the Strategic Partnership Model, and it consists of a dozen key factors required to create a successful joint venture, including:

- **Build trust.** Nothing good happens unless you can trust one another. Spend time building trust through action. Always follow through on what you say you're going to do.
- **Define mission, goals and objectives.** Understand why you exist and who cares that you exist.
- **Define customers' products and services.** Understand what the customer needs and what resources you lack that are required to bring success to your customer.
- **Complete self-evaluation.** Know yourself better than anybody else does. Understand the value proposition you bring to the team. Can the deal get done without you?
- **Know your partner.** Creating joint ventures and business alliances is like getting married — make sure you marry well. Commit the time to get to know your partner before you "walk down the aisle."
- **Meet the family.** Get to know your partner from a holistic standpoint — understand all dimensions of the family (employees, vendors, stockholders, customers).
- **Establish relationship boundaries.** As in a marriage, each partner has to understand the other so well that it instinctively knows what the relationship boundaries are. There are things you should not say to your partner, and things you should not do to your partner.
- **Determine initial projects.** Nothing happens until something happens. When in doubt, start small but think big.
- **Maintain independence.** Make sure you'll still be successful, even after your partner moves on. Complete the upfront planning and deal structuring necessary for you to end up stronger as a result of the relationship.




- **Maintain the relationship.** Good things don't just happen — they must be made to happen.
- **Live up to your "vow."** Hire excellent advisors to build the legal foundation and framework to support the operation of the joint venture.
- **Develop exit strategies.** Accept the fact that the business relationship will run its course and die. Plan for the end of the relationship, just as you planned for the beginning. ■

**For Additional Information on why you need a joint partnership map, go to: http://my.summary.com**

# Trust Must Be A Two-Way Street

Mutual trust is essential to successful joint ventures. When you enter into a joint venture, you are putting the fate of your business in another's hands. The risk to you is smaller if the partnership involves only a small part of your business; however, the possibility exists that your joint venture will grow over time. The need for mutual trust in such a relationship is abundantly clear.

Consistent adherence to trust-building behaviors goes a long way toward establishing and maintaining good faith between the organizations involved in the joint venture, a confidence that propels both companies to success. For example, although we're not all perfectionists, there is a certain level of attention to detail that most people expect from a business partner. Having processes in place that make it easy to pay attention to detail will help you and your partner provide the level of attention that builds trust.

Likewise, honesty is a valuable component of any joint venture; you should be open and forthright in all your dealings with your joint venture partner and not have a hidden agenda. Joint venture partners must have a high level of mutual reliability, to know they can depend on each other to deliver on promises. Missing deadlines, poor-quality products, and not meeting financial obligations will lead to the quick demise of a joint venture.

### *Respect, Leadership and Forgiveness*

The playing field between the two partners should be as level as possible, with each side treating the other with respect at all times. Companies must also determine who will lead and who will follow — this should be established from the start of the relationship, based on a joint evaluation of each organization's respective strengths and weaknesses. Finally, there must be a willingness on the part of each company to forgive the other when problems occur (and they will occur). Both organizations must be able to explore together why problems occur, put plans into action to avoid future occurrences of the problems, and then move forward in a positive manner. ■

# Get Your MOGO Working

The four critical elements you and a potential joint venture partner must establish as the foundation for your relationship are your Mission, Objective, Goals and Opportunity, which collectively form the acronym MOGO. The pieces of your MOGO must be set up jointly by you and your potential partner, with all elements laid out on the table and fully agreed upon. Details are important, as well; nothing about the MOGO can be taken for granted. Consider the following:

- **The MOGO must show a clear business purpose.** Your joint venture must be capable of producing something that neither company could produce on its own. A market must also exist for what you produce together.
- **The business relationship must provide mutual benefits for both parties.** Don't be afraid to walk away from a potential partnership, should the proposed benefits not provide a significant business gain for your organization. Don't lose sight of the fact that your ultimate goal is to grow your bottom line, and there is no point in any deal that does not move you in that direction.
- **Agree on the target customer base, the product or service to be provided, its pricing and, if appropriate, the vendors to be used.** Be explicit in your terminology, to make sure you and your partner are on the same page. If vendors will be involved in the joint venture, decide who will be up front. Consider what is best for the success and profitability of the project in terms you both understand.
- **Determine the specific contribution each company will make toward the stated goals.** Examine all the resource requirements for the joint venture and decide exactly where they're going to come from. Overlook nothing: Even back office or support services must be considered. ■

# Is Your Organization Ready?

The size of your business has a considerable effect on your readiness for a joint venture, as well as the steps that need to be taken to prepare your organization for a strategic partnership. Small businesses fall into four categories when it comes to their preparedness for engaging in joint ventures and business alliances. In order to appropriately assess your readiness to take on a joint venture, determine which of the following groups you fall into:

**1. Blood and Guts Entrepreneurs.** Blood and guts entrepreneurs believe they can do any task better than anyone else can. It is not that others are incapable of performing the task, but that the work of others will pale in comparison to their efforts. Consequently, this group of small business entrepreneurs tends to do everything themselves, or to micro-manage the work of their staff. They are often the last to engage in a joint venture, and the first to disengage when things get tough.

**2. Brown Bomber Entrepreneurs.** Brown Bomber Entrepreneurs (so named after boxer Joe Louis, the "Brown Bomber" — see sidebar on next page) tend to be great technicians and craftsmen — people who have accepted the false assumption that it is better to work "in" your business than "on" your business. They are content on making a job for themselves, instead of wealth for many. They see the inherent value in creating business alliances but are so busy working "in" their businesses that they do not invest the time needed to build a successful venture with another company.

**3. Fence Walker Entrepreneurs.** Fence Walkers, in contrast, do more working "on" their businesses than working "in" their businesses. They understand the big picture of using the business as a wealth-creation engine. As a consequence, they want to engage in various forms of alliances and, in fact, have even gone so far as to understand how they are done and to effectively engage advisors.

**4. Daring Dashing Dans and Dianes.** These entrepreneurs are the "empire builders" — the ones who think big and dream bigger, focusing on working on the business instead of in the business, and on using the business as an opportunity to create, sustain and maintain a foundation of wealth on which greater business opportunities can be built. They openly embrace the concept of joint ventures and business alliances because

*(continued on page 6)*

## Making a Mission Statement

Much information is available about how to develop a good mission statement, but the one you and your joint venture partner create should do three simple things:

1. **Be motivating.**
2. **Stress major values that you and your partner want to honor.**
3. **Provide a vision and direction for the life of the joint venture.**

While there are no right or wrong mission statements, some are better than others. Here's an example of one that works particularly well:

"The Millennium Group is one of the most successful information technology services companies in the mid-Atlantic market dedicated to providing systems engineering, wireless engineering, and technology implementation services. The Millennium Group's mission is to help clients to improve their competitive positioning through the creative application of information technology to automate all essential back-office services of municipalities of 500,000 or more."

**For Additional Information on mission statements, go to: http://my.summary.com**

## Is Your Organization Ready?

*(continued from page 5)*

they see this approach as an excellent strategy for accelerating the achievement of their objectives. As a result, they are very proficient with the process of structuring, building and maintaining joint ventures.

Once you determine the kind of company you are, it is time both to analyze your organization in greater detail and to carefully examine your competitive environment. Only then can you see if the fit with your potential partner is really as good as you believe it to be.

### *Analyzing Within*

There are a number of aspects of your company you must review closely before committing to a partnership. Among these are the following:

- **Define your company's business purpose, including your mission and vision.** Depending upon your vision and mission for your company, joint venturing might not need to be a part of your business strategy.
- **Review your company's ability to build a power base within the joint venture.** Quickly determine how and if your business can exit out of the alliance stronger and in better competitive position than when it entered — if it cannot, there is little point of entering into the venture.
- **List your product types.** Know the full breadth of your company's capabilities. This might spark ideas from your joint venture partner on ways to meet the emerging needs of your customers.
- **Define pricing and distribution strategies.** Be clear about what you intend to charge for your products, and why you think your strategy is right for your market. By the same token, your distribution plans must reflect both the needs of your customers and market, as well as the rapidly changing expectations of customers regarding how you will get your products to their doors.

## The 'Brown Bomber' and Brown Bomber Entrepreneurs

Joe Louis had a reputation for being a good man who tried to treat people fairly, and who was kind-hearted and generous to everyone he met. He perfected the art of boxing — the "sweet science" — excelling in the ring beyond the imaginations of anyone who had seen him in his early career. As skilled as he was in the ring, though, Louis was naive about many other things, including finances, business, and trustworthy relationships.

Brown Bomber Entrepreneurs, likewise, have perfected the art of doing their jobs, but lack the experience and vision required to make their businesses as exceptional as they could be.

## Should You Enter the Waters?

While you can never fully predict the outcome of a joint venture, there are several questions you should ask before committing to the alliance:

✓ Is your company relevant to the achievement of the stated MOGO?

✓ Does your company have formalized authority to make the critical decisions needed to achieve success, or does your prospective partner?

✓ Would this opportunity enable your company to build a relationship with customers in such a manner that you are visible to them and they understand and value your role in their success?

✓ Are you a key component of the formal and informal networks in relating to the customer? When important developments happen, will you be among the first to know?

If your answer to these questions is "no," it is wise to reconsider the partnership.

**5. List your personnel, their positions, and their skill sets.** Make sure the key players who will be involved with leading the joint venture effort are part of this list.

### *Analyzing Without*

Once you've done a thorough review of the internal workings of your organization, turn your eyes outward, toward your competition. Even if your business and that of your partner are in good shape, there may be something happening externally that could impact your joint venture, such as:

- **New players.** How do their market offerings compare with yours?
- **Market size.** Are there new customers in the market, or new demographic segments to address?
- **Dollar volume.** Is the value of the market growing or declining?
- **Number of players.** How many competitors do you have?
- **Major change factors.** What trends might be changing, affecting your business and partnership?
- **Your market share.** Is your share of the pie going up, coming down, or remaining stable? ■

**For Additional Information on getting staff ready, go to: http://my.summary.com**

# Know Your Partner

What do you do when a potential joint venture comes your way, but you don't really know the other party?

*(continued on page 7)*

## Know Your Partner

*(continued from page 6)*

What kind of due diligence should you perform to make sure the prospective partner is on the up and up? These questions can be answered by closely examining your potential partner so that you can make a well-informed decision about whether this is, in fact, a company with which you want to do business.

Determining if a business is a good match for your organization first requires conducting a review of the characteristics of the potential partner — you only want to engage with firms that you think have a strong possibility of being a long-term partner. By determining a prospective partner's characteristics, you can place him or her and the company in a personality category.

### *'LLIFT' Your Eyes Toward Your Prospective Partner*

Faced with a possible joint venture, the first step is to determine if your potential partner is a small or large business. One rule of thumb is that if a company has fewer than 250 employees and sales less than $50 million per year, it is a small business (the Small Business Administration defines small businesses differently). Once you have determined the size of the partner's business, you should define the criteria by which you will determine the candidate's most appropriate "personality bucket," based on the criteria of the "LLIFT" model:

- **Likability.** No matter how hard you try, it is nearly impossible to work with someone you don't like. You can go through the motions of doing business together, but you will dread the experience, seek ways to minimize contact, and become less likely to take risks.
- **Longevity.** The longevity factor determines the probability that the two companies will enter into another joint venture or partnership together. You must invest in the long term, making that investment count by building a relationship with a partner you could see yourself doing multiple deals with, and with someone who can help you grow, build your internal competencies, and maximize your market coverage.
- **Interest.** If your potential partner's incentive for moving the work forward isn't similar in size to your own, you could find yourself in trouble down the road as differing priorities resulting from the mismatch cause bottlenecks or other problems.
- **Financial Muscle and Commitment.** How is this organization's fiscal health? Does it have the financial wherewithal to deliver what it promises for the proposed venture? Ask around within your industry to see if the partner's financial commitment and strength are sufficient for your alliance. Ask your potential partner for financial references, and be ready to share your own, as well.
- **Time Line.** Discuss the time line for the potential venture before you enter into the deal. Both parties need to feel comfortable with the project's time line. If your partner tries to rush you into an action, or slow your movement in a necessary direction, this company might not be a good fit for you.

### *Placing Your Partner in a Bucket*

Just as the personality buckets for small companies were discussed earlier, large companies likewise fall into one of three trait-based categories:

- **Doomers.** Doomers fall into the well-worn trap of believing the hype about themselves. These people have enjoyed a certain level of success on their own and see no inherent value in reaching out to enter into joint ventures. They typically will put off as long as possible the idea of partnering with another company; even if they do engage in an alliance, they are typically difficult to work with.
- **Reluctant Warriors.** While Reluctant Warriors offer some level of resistance to the idea of joint ventures, they are open to the possibility, but the deal must be on their terms. At the first sign of difficulty, however, they will throw in the towel, because they are ambivalent toward the requirements of a partnership and do not want to accept any unnecessary risks.
- **Blue Skyers.** These businesspeople come to a potential engagement already focused, energized, motivated and committed to making it work. They recognize that the only way they will achieve their mission and exceed their objectives is through the aggressive pursuit of alliances. The leaders of these organizations tend to be outgoing, charismatic, insightful and well positioned in their industry. They are risk takers, but they are also prudent.

A company in any of these buckets is a good candidate for the right joint venture. The only difference is that once you know what group the company leader falls in, the strategy you use to engage, structure the deal, and ultimately close and maintain the deal differs accordingly. ■

**For Additional Information on why some entrepreneurs try to avoid due diligence, go to: http://my.summary.com**

# Making the Relationship Work

If strategic alliances were easy, every company would be pairing up with every other company. Such relationships can, however, go off track in many various and sundry ways. To minimize the probability of miring your partnership in a quagmire, four areas must be addressed: 1) establishing relationship boundaries, 2) determining the initial project, 3) maintaining independence, and 4) maintaining the relationship.

Too often, companies rush into a strategic partnership without first establishing boundaries and initiating guidelines that force the teammates to operate within

*(continued on page 8)*

## Making the Relationship Work

*(continued from page 7)*

agreed-upon confines. This must be avoided at all costs. Boundaries can be set if you look at the following areas as a kind of "frame" for your business relationship:

- **Current relationship.** The current relationship defines what the partnership looks like today in all of its aspects, usually determined after the partners have had an opportunity to interact with each other a few times. The relationship interfaces will typically focus on three levels within the respective organizations — executive, middle managers, and knowledge-technologists.
- **Emerging or future relationship.** Where the partnership leads in the future is based upon the two companies' envisioned or proposed relationship — a vision that constitutes a best-case scenario of how the companies desire the relationship to be.
- **Processes.** Each company must understand the different processes that it uses to operate and manage its business and how these processes might be impacted or changed as a result of working with the other company.
- **Procedures.** Procedures are the rules providing guidelines and directions on how the discrete processes that make up the system are to be executed and completed. Larger companies typically will have more defined procedures than smaller companies.
- **Interface with customers.** Which organization will be the face the customer sees? In most cases, whichever partner brings the customer relationship to the alliance should be the one that leads with the customer, as long as he or she is willing to engage the partner in building a similar relationship with the customer over time.
- **Decision making.** The hierarchy of decision making must be established and agreed upon before any work begins.
- **Conflict resolution.** There will always be tension and conflict. You must recognize that conflict is a part of the bonding and team-building process and must be managed like all other facets of the relationship.
- **Culture.** The values and belief systems that guide and establish the uniqueness of an organization are often either ignored or placed so far down the list of things to address, they might as well not be addressed at all. Culture can, however, make the difference between success and failure.

### *Past the Talking Stages*

Too often, companies talk about getting together and forming some sort of joint venture, but the relationship never moves past the "talking stages." Making something happen for the simple reason of making something happen is unproductive and even potentially dangerous for the organizations involved. The right project, however, will have a high probability of success and will provide real value to the team and to the customer.

There are, of course, a number of considerations to make when considering the "right" project to kick off a joint venture. The project being considered must have a commitment to success from both companies, from the top executives on down. The project must also have real value in the eyes of customers, and its mission, goals and objectives validated and revalidated by both companies.

A detailed resource requirement review must be conducted, with both parties in agreement on the allocation of resources and the time frame in which resources will be made available to the project. A detailed project time line must be established to ensure all parties involved are clear on expectations and when the project can and should be completed. The project must also have a detailed project plan that explains what must be done, when it should be completed, and how the work will be done. The project leadership must determine what defines success for the project, as well as who will determine when success is achieved, and when the project will kick off.

### *Maintaining Independence*

When the joint venture has run its course and is about to end, the two companies should be better off as a result of engaging in the venture than they were before the venture began. Achieving this objective depends on how much independence each company maintains during the joint venture. Indeed, how to maintain independence during the course of a joint venture is a function of what kind of deal the two companies agree to engage in. Strategies for maintaining business independence vary from one relationship to another. There are four rules of thumb that work well in helping companies maintain their independence:

**RULE 1:** Executive management must be clear about what it needs to get out of the deal for their respective companies to remain whole.

**RULE 2:** Set expectations with management and staff that part of their objectives and job responsibilities are to seek out new processes, procedures, technologies, and market exposure opportunities from the partner company that your company does not currently take advantage of in-house. Adjust your compensation methods as needed to provide appropriate incentives for your people.

**RULE 3:** Continue putting as many resources and as much critical attention into your existing business as you do with the joint venture. Attempt to grow both operations in parallel, without spreading yourself too thin.

**RULE 4:** Institute cross-functional teams as much as possible in the joint venture, so both companies are positioned to be exposed to a diverse set of functions, challenges and opportunities. ■

For Additional Information on maintaining the relationship, go to: http://my.summary.com

· Book 49 of 67 ·

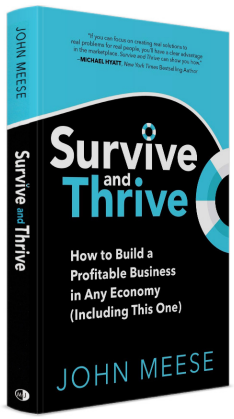
# Survive and Thrive

John Meese

soundview
Executive Book Summaries®

# Survive and Thrive

## How to Build a Profitable Business in Any Economy (Including This One)




*by* **John Meese**

## Contents

Introduction
*Page 2*

Teach, Coach, Mentor, and Inspire
*Page 2*

Four Core Competencies of a Future-Ready Workforce
*Page 3*

Effective Communication
*Page 3*

The Whole Self
*Page 4*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

The world we live in is built by entrepreneurs. The revolutionary technology you and I both use every day, and the seemingly endless supply of resources we have access to, is thanks to hard-working entrepreneurs like you. To succeed as an entrepreneur, you need to become skilled at marketing, finance, and sales—on top of creating products and services that people will pay money for! It's not usually easy, but building a business is good work. Still, it's hard work.

Choosing the path of entrepreneurship means choosing a path of problems for the rest of your professional career. As uncomfortable as problems are for the best of us, an entrepreneur needs to embrace each problem as an opportunity to create a solution. Without problems, we would not need entrepreneurs!

John Meese, author of ***Survive and Thrive***, makes sure you don't have to figure this out on your own. The book walks you through nine foundational strategies for building a profitable business in any economy, and each of these can and should help you along the way to success, but only if you first remember your job and your important role in the world economy—not just today, but forever!

## IN THIS SUMMARY, YOU WILL LEARN:

- What it means to be an entrepreneur.
- To see opportunities where others see pain.
- To serve people by solving their problems (for profit).
- To see profit as a report card for your business.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, Suite 202, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • September 2021 • Order #43SS09D Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## The Entrepreneur's Paradox

Entrepreneurship is simultaneously all about money and not really about money at all. That's not a contradiction, it's the entrepreneur's paradox. As an entrepreneur, the path to profits is through serving people. That's the power of entrepreneurship. By itself, your solution may seem small, but with a natural flow of profit as a reward, countless entrepreneurs will create their own solutions and, together, these will exponentially improve the world as if coordinated by an "Invisible Hand."

## Pick Your People

To build a thriving business, focus on solving problems for real people who are aware of the problem in question and engaged in actively seeking a solution to that problem. That's the most direct route to influence that leads to transformative outcomes and income for you.

### Who is Your Target Customer?

You need to consider who your business is designed to help, what problems you're prepared to solve, and who actually wants help with their problem(s). Those ingredients should help you start to define your Target Customer. Do you have a clearly defined target customer, including documented details on their behavior and lifestyle? Who are the "real people" your business is serving? That information is what keeps you in business, and it's also what helps you pivot at a moment's notice because you know who you serve.

### What's the Right Problem to Solve?

It's easy to brush past empathy as another "soft skill" that's nice to have. But in the modern world of business, effective empathy is a skill that can make or break your ability to succeed. At its core, empathy is the ability to "put yourself in another person's shoes," as the saying goes. In business, effective empathy allows you to get inside the mind of your target audience and identify problems (from their perspective) that you can help solve. This is the path to creating real solutions to real problems for real people and building a thriving business. Contrast this with the approach many entrepreneurs take: scratching their own itch by solving their own problems and selling the solution.

At any given moment, each person on the planet is focused on one primary category of need, and that is immensely valuable context because you can use that to talk to them where they are. You can take the context you already know about their life and make an educated guess about where people are on the path so you can help them along. When this approach becomes your priority, every interaction with a potential customer becomes "How can we help you?" instead of "Here's how we can help."

### Sell Your Solution

Your real solution needs to be practical and applicable, but it also needs to be a means to an end. You cannot bottle up and sell "Happiness" in a jar, but you can (and should) offer real solutions that help people achieve happiness. In other words, your solution is always a means to an end.

People don't buy bandages so they can have small adhesive strips in their possession; they buy bandages to either stop bleeding or prepare to stop future bleeding and allow their body to heal. People don't buy books to have a bound collection of pages with words in their collection; they buy books to gain insight and understanding that allows them to become healthier, wealthier, or happier. Similarly, you want customers to purchase your solution (or product), but to do so you must draw a clear connection between the solution you offer and the transformation your customer will receive.

### Court Your Customer

Ray Edwards says, "Every communication you have in your business, whether it's what you say, when you answer the phone, what's on your business card, what's on your website, what's in your emails, what's in your ads, what's on your sales pages, what's in your checkout pages, you're always making a sale: You're just selling people on you and your business, or you're selling them on the competition because you're not doing a great job. You're not connecting with them."

Are you offering enough transformation, in the form of clearly communicated offers for solutions? What kind of painless purchase can you offer where you can exceed the customer's expectations tenfold and make it easy for them to say yes with a dollar attached?

## Choose Your Path

You need to choose a single, primary growth model to focus on so you can get good at it and see your results with clarity.

### Viral Growth: Leverage Word of Mouth Marketing

Also called "word of mouth" marketing, the Viral Growth model depends on people talking about, recommending, and sharing your business with the world. This is how Warby

Parker rose to fame, seemingly out of nowhere. They provided beautiful eyeglasses, with a painless buying experience, that were so good that people kept telling their friends. Do you know people who wear Warby Parker? If so, they've probably told you (not so for people wearing Walmart glasses!).

### Paid Growth: Invest to Scale with Advertising

Advertising success comes back to one core question: Are you getting more money out than you're putting in? Paid Growth works well for many companies, including the meal prep service Blue Apron—who you've probably heard sponsoring a podcast or offering a discount or free trial somewhere in your newsfeed. Paid Growth appears to be their primary growth model, and the same is true for many other businesses today.

### Sticky Growth: Develop Irreplaceable Infrastructure

Sticky Growth is difficult to pull off, but if you get it right, you create a business where every single customer is going to stay with you for years and pay a growing collection of fees. Essentially, you can leverage Sticky Growth when you create products that become irreplaceable infrastructure somewhere in your customer's life. These are products with a high "switching cost," where happy customers aren't likely to leave. The company that's done this the best is probably QuickBooks, which has become synonymous with "accounting software" and is the backbone of so many companies that they can't fathom ever making a switch

## The Selling Story

Using empathy, you need to develop a product selection that solves problems within your customer's life so that your products are natural ingredients to the story of their ever-evolving life.

### Offer a Clear Gateway Product

Getting that first dollar from your customer is a huge milestone because people value their money, and it takes a leap of faith, to some extent, for people to pay for what you have to offer. You can make that leap of faith as risk-free as possible, turning it into a step of security, by offering a low-priced gateway product your customers can use.

### Develop a Flagship Product

Your flagship product is the epitome of everything you have to offer, the total transformation package, for a single premium price. For Apple, this is their iPhone, which by itself drives more than 44% of annual revenue and also fuels another 18% of Apple's annual revenue in the form of apps sold on Apple's App Store and Apple Music subscriptions. For Dollar Shave Club, this is built into their name; their core razor is their flagship product—but they sell many complementary products that go along with their razor.

### Cultivate a Continuity Product

The success of continuity, subscription-based products is more about the day-to-day growth and retention than a massive, fancy launch, so they are a lot less glamorous than one-time product launches, but they are a lot more reliable. I like to compare the growth model for Continuity products to stairs that require a long-term commitment to climb. To be clear, continuity products take a lot of work to launch, grow, and manage, so they're typically not the best place to start. Still, once you can offer a continuity product to your customers, you can take the pressure off your sales and increasingly focus on service, which is better for you and your customers, truly a win-win.

### Above And Beyond

Some businesses have raving fans, who will spend money to buy products and services from a given company and then brag about it and encourage their friends to do the same! Your first job is to meet customer expectations—but if you want to create lifelong customers and raving superfans, you are going to need to exceed expectations on a regular basis.

### Would You Like a Second Mile?

As an impressionable teenager working for Chick-fil-A, I remember my manager splitting the word into "remark" and "able" to explain that our goal was to provide such exceptional service that customers would remark on the experience to their friends and family. For Chick-fil-A, remarkable service isn't just a pithy buzzword; it's a way of life. And it's paid off! Chick-fil-A has amassed a loyal, loving customer base that has helped them become the most profitable quick service restaurant per location and the third largest restaurant chain in the U.S., behind only McDonald's and Starbucks in total annual revenue. In fact, they have grown to more than $12 billion in annual revenue without any outside investment (to this day, Chick-fil-A is a family-owned business). So, how did they do it? The key to Chick-fil-A's success lies in their second mile service strategy.

## Predict, Don't Prophesy

Until money is actually in your bank account, it's not yours. The same is true in your business. Are you making financial decisions based on reality or on hope? In your business or personal life, what would you do if an unexpected major expense came up, a payment was late, or there was simply a glitch in the bank transfer system? Would you be able to adjust your expenses comparatively or would you have already committed to spending based on the money you expected to take in?

The key to building a profitable business in any economy is running a business that has both adaptability and predictability built in. If you make financial decisions based on real results after they happen, you have a built-in runway to adapt as your results change. If something changes in your market, or an economic crisis sneaks up on you, you'll have room to adapt.

### Prioritize Profit First

If you're not profitable, you need to get profitable ASAP. Otherwise, it's only a matter of time until you're out of business and everyone on your payroll is unemployed. This is why Profit First is so important.

### Charge Up Front

"Cash flow positive" is the technical term that financial analysts use to describe a business that brings in more money than it loses with each sale. In a very simple example, if someone pays you $100 to create a product that costs you $10 to make, and you don't have to spend your $10 until someone pays you $100, you have a cash flow positive business.

Once you are cash flow positive, the sky's the limit on your business growth. Each new sale funds the production of each new product or service, so the only restraint to your business growth is your ability to scale operations with the infrastructure behind what you sell! The easiest solution for most businesses to become cash flow positive is to charge up front. By that I mean to adjust your sales process so that customers are paying for your product or service before you pay (in money or time) to deliver it.

## Conclusion

Chances are you are already practicing many foundational principles in your business, including some of the strategies taught within this book. On the other hand, you may have very few of these right now, or none at all, and that is okay! Your goal is to add one, and then another, and stay focused on progress—not perfection. As you're building (or rebuilding) your business, you get to decide what to build. You have the sacred responsibility of solving the world's problems (for a profit), and there are real people who are counting on your success.

Ask what is expected of you and how you can make more impactful goals. They will be sure to let you know and will appreciate being asked; many people enjoy sharing their insight and look for ways to improve the business from the inside. Overall, you can source your impactful actions without worry. Doing so will show the company that you care about getting the results that they are looking for.



**John Meese** is a traditionally trained economist turned serial entrepreneur. He's the Dean of Platform University and co-founder and CMO of Notable Themes. John is also the CEO of Cowork Columbia, an entrepreneur center he founded in his hometown. He has worked closely with multiple clients who have repeatedly hit the Inc 5000 list of the fastest-growing privately-owned businesses in America, and he regularly publishes videos and articles about entrepreneurship and marketing at johnmeese.com.

***Survive and Thrive: How to Build a Profitable Business in Any Economy (Including This One)*** © 2021 by John Meese. Summarized by permission of the publisher, Morgan James Publishing. 200 pages, ISBN 978-1631953361. Summary copyright © 2021 by Soundview Book Summaries ®

· Book 50 of 67 ·

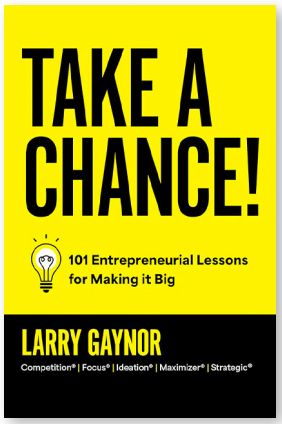
# Take a Chance

Larry Gaynor

Executive Book Summaries®

# Take a Chance!

## 101 Entrepreneurial Lessons for Making it Big




*by* **Larry Gaynor**

## Contents

The Early Days
*Page 2*

Now that You've Graduated, What's Next
*Page 2*

The Explosive Years
*Page 3*

The Peak Years
*Page 4*

The Good, The Bad, and The Ugly
*Page 4*

The Big Pivot that Made All the Difference
*Page 5*

Final Thoughts
*Page 6*

## THE SUMMARY IN BRIEF

Author Larry Gaynor wrote ***Take a Chance!:101 Entrepreneurial Lessons for Making it Big*** for two reasons. One, he wanted to offer new entrepreneurs a real understanding of what it is like to start their own business and whether or not starting their own business is the right decision. Second, to provide established entrepreneurs with the valuable insight needed in finance and marketing, as well as management and leadership, to make optimal strategic decisions.

All too often, entrepreneurs make costly mistakes because they did not know which decision to choose or which path to follow. Gaynor's goal is to help you make the right choices. There are over 5.4 million new business applications in the United States every year, but alas, almost half of new businesses will fail within five years. In this book, you will learn the inner workings of being an entrepreneur and specific lessons that can help take your business to the next level and avoid failure. All that's required is to Take a Chance!

## IN THIS EXECUTIVE BOOK SUMMARY:

- Tips to start off on the right foot in the early days
- What to do next, after graduation and beyond
- Methods to make the most of the explosive years
- How a big pivot can make all the difference

## Part 1: The Early Days

### Lesson: Learn as Much as Possible About What You Love Doing So No One Can Stop You from Doing It

In his first job ever at his father's hardware store, Gaynor learned how to cut pipe, make keys, cut glass, custom mix paint colors, and more. He also learned that he loved to upsell and he loved to recommend "like" items, such as a light switch cover plate for a customer that was buying a light switch.

Life Lesson Tip: Take the time to learn all aspects of your products and business. There is nothing worse than not knowing the answer to a question from a customer or employee.

### Lesson: It's Not About How Many Times You Fall Down That Counts; It's How Many Times You Get Back Up

The hardware store was located in a part of Detroit that was once a thriving neighborhood but was becoming more hardscrabble. One morning, the store was held up. When the officers arrived after it was over, Gaynor was in such a state of shock that he couldn't even answer their questions about what the robbers looked like. A couple years later, the store was held up again. This time when the police came, he remembered what the two guys looked like and what they wore. He was able to identify them and they were eventually convicted and sent to jail.

Life Lesson Tip: When you can survive terror, you can survive almost anything. Remember, the difference between being a hero or not is the ability to hang in there for another minute when everyone else quits.

### Lesson: Expand Your Knowledge as Much as Possible

When you are an entrepreneur and get to experience your first trade show, there is nothing better. At his first one, Gaynor had never experienced anything like it in his life. There were hundreds of elaborate booths and hundreds of new brands he had never bought from.

He met fancy executives and was floored by the "show deals" being offered. He placed so many show orders that he could not keep track and added oodles of new products to the store's inventory. Little did he know then that trade shows would become a major part of his strategy when he started his own business.

Life Lesson Tip: Although trade shows are still around, they don't have the impact they once did because of the internet. Research trade shows for your particular industry. You will see on their websites a list of exhibitors with all their information along with which are the most important based on the amount of space they take on the floor map. In most instances, this information alone will give you the same insights as if you went to the show in person.

## Part 2: Now That You Have Graduated, What's Next?

### Lesson: Once You Find the Passion for What You Want to Do, Never Stop

After graduating college, Gaynor had an interview with a Big Eight accounting firm. After seeing the office filled with people in suits, it came to him that the term "stuffy" was appropriate. While having lunch with the team at a fancy restaurant, everyone ordered a martini while he ordered a soda. That was pretty much the end of the interview.

At the store, he wore Levi's and work boots and carried a tape measure and utility knife. He couldn't see himself working in the firm's environment although the salary was great and the opportunity for partnership was amazing.

But what was more fun? Crunching numbers or unloading pallets of concrete? His first major life decision was easy. He decided to go into the family business.

Life Lesson Tip: Entrepreneurs are always exposed to choice. It is these choices that define success or failure. Seek advice from mentors and colleagues but make the final choice based on your gut instinct.

### Lesson: Pioneers Always Get the Arrows; Steal Other People's Ideas, and Make Them Better, Just Like Steve Jobs Did

Launching a new business involves a lot of research. One inherent trait of entrepreneurs is that they love to do research. Steve Jobs didn't invent anything from scratch. His genius was that he took someone else's idea and made it better. Through research you can figure out what your customers want before they know they want it.

Life Lesson Tip: When it comes to launching your first product, research the market for competitive products extensively. Then decide what key variable you can add to your product to differentiate it from the others. Product

Mistakes are costly, but not correcting them can be deadly.

differentiation is crucial to your success, and sometimes it is one key ingredient that makes all the difference.

### Lesson: If you Own a Business, You Need Employees; the Better You Take Care of Your Employees, the Better Your Business Will Become

When you are an entrepreneur, the last thing you want to focus on is employees. Employees take a lot of time. You have to hire, fire, train, motivate, have empathy, give them time off and benefits, offer reviews, and that's just the top of the list.

You want turnover to be rare so you must take care of them and allow them to make an impact. Gaynor's turnover at his first big store was rare and thinking back, he believes it was probably because he was so busy doing his thing, he let the employees do their thing.

Life Lesson Tip: If you are a new entrepreneur and hiring your first few employees, read as many books on the subject as possible. Do your due diligence including background checks. Just as important, share your vision with the applicants and sense if they appreciate your vision. Have them tell you why they want to work for you. You want new hires to be nearly as passionate as you are for the success of the new business.

## Part 3: The Explosive Years

### Lesson: As an Entrepreneur, There Is Nothing Worse than a Monkey on Your Back; Too Many Monkeys Will Bring You Down So Get Rid of Them as Quickly as You Can

Gaynor had given his father 25% equity in his company Nailco. He was in debt for the business and needed to make a lot of profit just to pay the interest on the line of credit along with the monthly mortgage payments on the building.

When it came time to pay income taxes in April, he would have to borrow more money because there was no positive cash flow. It was a vicious cycle that would go on for more than twenty years.

He called for a meeting with his father and told him that he could no longer afford to pay the annual 25 percent distribution. His father understood the situation and agreed to a buyout. A professional valuation placed the interest at a value of $1M. Not a bad return on a $25,000 investment. And Nailco would be in a better cash flow position moving forward.

Life Lesson Tip: There is an old proverb: "There is no such thing as a free lunch." Invariably, entrepreneurs sign up with someone because of something they need. It's all good in the beginning, but eventually, it ends up bad. That's when you need to get the monkey off your back, regardless of what it takes. Mistakes are costly, but not correcting them can be deadly.

### Lesson: Priority Number One is to Make Money

The most important thing to remember when you own your own business is that priority number one is to make money.

The reason for the .com crash that wiped so many investors out completely was that none of the online public companies made money. You need to make a profit to pay employees, pay the bank back, invest in assets, and continue as a going concern.

The year 2000 was great for Gaynor and his employees. They didn't care about the .com crash. Gaynor promised that if Nailco hit $50M in sales, they would get their choice of a new car or $10,000 cash. It was a magical night to remember when he gave the cars away at the formal party celebrating Nailco's sales milestone.

Life Lesson Tip: There is nothing better than giving away money, gifts, and awards to employees. But first you have to be profitable. All too often companies in their early stages "expect" losses and think eventually those losses will turn into profits.

This is another reason so many companies fail, they never realize profits. Early on in your company, focus on being profitable and make that a relentless focus.

## Part 4: The Peak Years

### Lesson: You Can't Buy Customers

Gaynor had gotten into the tanning business, which was facing struggles due to regulation. At a trade show, Gaynor and his team were giving away a $20,000 tanning bed to one lucky winner, with the hopes of winning their loyalty and business as their chosen distributor.

They had a huge booth that included a maze attendees had to walk through to enter. At the end, they received a numbered ticket and set of Mardi Gras beads, in line with the booth's theme.

The response was unbelievable. The lines were long to get in and soon everyone on the trade show floor was wearing their beads. Everyone wanted to win the tanning bed. On day two of the show at 2:00 p.m. they held the drawing. The show manager turned the lights down and gave Gaynor the microphone.

Suddenly, activity on the show floor stopped and a thousand attendees rushed to their booth. When he picked the number, the winner shouted out.

Unfortunately, the moral of the story is so sad and one of Gaynor's biggest life lessons: You cannot buy customers. The attendee who won the bed was located in Ohio and bought from an Ohio tanning distributor. Gaynor's team delivered and installed the bed and never got a single order for products. The customer stayed loyal to the local distributor and that was the last time Gaynor gave away a tanning bed.

Life Lesson Tip: We have a tendency to think as entrepreneurs that our product is so good that if we just get it into consumers' hands, we will be wildly successful. Hence the reason for free samples, giving away promotions, and hiring influencers. But rarely do those tactics work. Your product has to be good enough that people want to pay for it.

### Lesson: Never Stop Looking for Ways to Kill Your Competition

In 2003, Gaynor won a contract with Matrix, which, at the time, was the biggest professional hair care brand for both hair products and hair color. Beaute Craft was the exclusive Michigan distributor. Matrix was the perfect brand for Hairco and would put them over the top.

The new GM was unhappy with Beaute Craft's business and asked Gaynor to make a proposal. He did so by writing a short, custom book that outlined a strategy that would make both Matrix and Hairco winners. She got back to him, told him when the Beaute Craft contract would end, and gave him the opening.

When they met to discuss terms, she loved his energy and enthusiasm. She saw Beaute Craft as a "good-old-boy" distributor that was milking the brand. She gave him co-distribution rights on the spot. Total sales potential was $10M a year.

He launched a stealthy marketing campaign to every salon in Michigan and the response was immediate. Beaute Craft didn't know how to respond and the following year, they won exclusive rights for Matrix. They hired most of Beaute Craft's salespeople and not too long afterward, they went out of business.

Life Lesson Tip: Never stop paying attention to your competitors. Look at their websites weekly to spot their best-selling products, new offerings, and close-outs. There are plenty of clues to learn their weaknesses that you can capitalize on.

## Part 5: The Good, The Bad, and The Ugly

### Lesson: Always Trademark and Protect Your Brands

Shellac, the first gel polish that went on like nail polish but lasted for two weeks, was launched by CND in 2010. No one could have predicted the outcome of the launch, but suffice it to say, the launch of acrylic nails in the 1980s was pale in comparison.

Nail techs loved it because it was the first new innovative service in more than a decade. Consumers loved it because they could go two weeks without having to change their nail polish and they could work, swim, and exercise without worries of their polish chipping.

Orders sold out instantly and CND could not keep up with production. Unfortunately, they did not patent the product nor did they do proper trademark registration. There are three main companies in the world that supply the stuff that goes into nail polish. All three are adept at knocking each other off when it comes to product innovation.

Gel nails were so popular that discount salons had to bring it in. Unlike nail polish that was sold in .5-ounce bottles for a few dollars, Shellac was sold in a .25-ounce bottle for $15.95. CND's pricing and bottle size were both brilliant. If they only had a patent.

Think of product investment like stocks, long term only.

When OPI launched GelColor, it was 5-ounces for $16.99 and instantly stole market share. Discount nail salons would pay up in the beginning, but once again, since CND didn't have a patent, discount nail salons would kill the brand in just a few short years.

Life Lesson Tip: You need a driver's license to drive. You need a passport to travel internationally. And you need a trademark if you are launching a new brand. Competitors and counterfeiters will attack if they see success in a new offering, so always be prepared.

### Lesson: Quickly Spot the Difference Between Trends and Fads

Remember Clarisonic? The skin care brush tool launched in 2004 to great fanfair and was acquired by L'Oréal in 2011. Gaynor came out with a similar tool he branded Sonic Tool Works at a third of the cost with a Chinese manufacturer. The market for skin care brushes crashed when dermatologists claimed the tool caused skin to break down.

Remember Korean skin care masks? At the Cosmoprof Hong Kong show in 2015, the number of skin care mask booths was unbelievable. Gaynor found three amazing factories and released branded products.

Sales were incredible–but once again, it turned out to be just another fad. Learning the hard way about what products trend over decades versus what products are fads sucks.

Life Lesson Tip: We're all guilty of this: hopping on the bandwagon when it's too late. It's nearly impossible to differentiate between trending and fad products. If you happen to be involved with a hot product because it appears on TikTok, don't overreact because demand will die as quickly as it exploded. Think of product investment like stocks, long term only.

## Part 6: The Big Pivot That Made All the Difference

### Lesson: Anything Goes in a Crisis

Over the past thirty-five years, Gaynor has experienced interest rates as high as 20 percent, the .com crash, the housing crash, and everything else in-between. That was child's play compared to dealing with the pandemic. As an entrepreneur, it was his most difficult time being in business.

America shut down, but Americans still had needs that had to be met. Funeral homes bought all their PPE from funeral home distributors. Within a week, they were all out of stock, and they would stay that way for months. The Michigan Funeral Home Association got in touch through a referral listing, and they started selling to funeral homes.

Word got out quickly, and major national chains started ordering from them. He started to get phone calls from nursing homes, nurse practitioners, EMTs, and doctors pleading for PPE. His factories and he allocated and re-allocated to meet demand. Customers got the message. His distribution center was busier than ever.

Life Lesson Tip: When life is in turmoil, it's the best time to make the most radical changes because no one cares or is paying attention. Not only that, it's the best time because you are making the changes to make your company financially better…those that don't file Chapter 11 or close. It's no wonder that hundreds of thousands of businesses closed due to the pandemic.

### Lesson: Never Stop

2023 turned out to be a record-setting year for TNG in sales growth and profitability. At sixty-eight years old, everyone always asks Gaynor when he is going to retire.

He always gives the same answer, "Never. I'm doing exactly what Warren Buffett is doing; working until the end." Everything about Buffett is long term, and he is one of the most brilliant businessmen of all time.

Gaynor took as many key points as possible from his teachings and still uses them today. As of this book's writing, Buffett is ninety-two years old and still eating See's candies and drinking Coca-Cola (two of his best investments), while managing his portfolio at Berkshire Hathaway.

The valuation of his company is $653 billion. Now that,

readers, is the most amazing statistic and Gaynor wants to be just like him.

Life Lesson Tip: Never stop and, even better, never quit. The hardest challenges are the ones that you want to quit but you keep going. That's what makes us stronger. Entrepreneurs that have this mindset will win more often.

## Final Thoughts

Wellness mentor Caesar Barajas has a favorite saying. "Chickens don't fly, soaring eagles do." Entrepreneurs are soaring eagles because they are not afraid to risk everything. Don't be a chicken when it comes to making the most important decisions.

As an entrepreneur, you have to make the decision to "all in" or gradually when you start your business. To mitigate risk, it is best to start gradually. Don't quit your day job. However, at one point you will recognize a chance that tells you "it's time to go all in." That is when you decide once and for all if you are a soaring eagle or a chicken.



Larry Gaynor is the Founder & CEO of TNG Worldwide. TNG's best-selling signature brands include ForPro Professional Collection and Ginger Lily Farms. TNG manufacturers more than one thousand products in several countries worldwide and launches between 50-100 new products annually. He loves celebrating success by doing cookouts for the company, taking his employees on mystery trips and passing out $100 bills throughout the year.

From ***Take a Chance!: 101 Entrepreneurial Lessons for Making it Big*** by Larry Gaynor. Copyright 2024 Larry Gaynor. Summarized by permission of the Publisher, Advantage Media Group. ISBN 979-8887504209. Summary published by Soundview Executive Book Summaries®. Copyright 2024 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 4623

· Book 51 of 67 ·

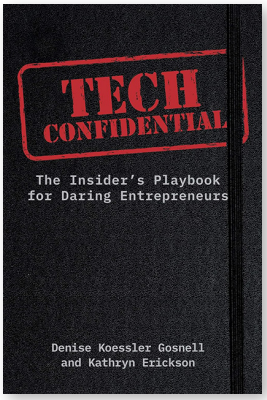
# Tech Confidential

Denise Koessler Gosnell

Executive Book Summaries®

# Tech Confidential

## The Insider's Playbook for Daring Entrepreneurs




*by* **Denise Koessler Gosnell and Kathryn Erickson**

## Contents

Dragon-Slaying 101
*Page 2*

Nobody Knows
*Page 3*

Overclocked Misfits
*Page 4*

Unsung Heroes
*Page 5*

Build Products That People Want
*Page 6*

Data Isn't People
*Page 7*

Piercing the Dark Veil of Acquisitions
*Page 8*

## THE SUMMARY IN BRIEF

Silicon Valley is often portrayed as a meritocratic hub of innovation, yet the lived experience for many entrepreneurs reveals a far more volatile environment shaped by pressure, ego, and opaque power dynamics. The central problem addressed is how ambitious individuals can operate effectively and ethically within this system without compromising judgment, well-being, or values. Denise Koessler Gosnell and Kathryn Erickson argue that success in technology is not solely determined by talent or vision, but by the ability to navigate internal and external forces that influence decision-making and outcomes.

The authors present a structured framework that moves from individual self-mastery to team dynamics, product development, and competitive strategy. They emphasize managing ego, developing resilience, and recognizing burnout, while also outlining how to collaborate across diverse personalities and organizational functions. Practical tools, such as leadership communication models and behavioral frameworks, are used to explain how influence and alignment are achieved in complex environments.

The book extends these principles into company building, detailing how products are developed, launched, and scaled through repeatable systems such as S-curves and flywheels. It further examines market positioning, funding dynamics, and strategic partnerships, presenting a grounded view of how technology companies evolve within competitive ecosystems.

## IN THIS EXECUTIVE BOOK SUMMARY

- Examine how unmanaged ego and burnout disrupt judgment and decisions
- Analyze team dynamics using frameworks to navigate power and behavior
- Apply S-curves and flywheels to build scalable, repeatable growth
- Evaluate funding, competition, and partnerships within tech markets

INTRODUCTION

## There Be Dragons

What do you visualize when you read or hear the phrase "Silicon Valley"? Does it evoke images of sleek, glass-walled offices and the intoxicating scent of innovation wafting through the air? Are you convinced that Silicon Valley is the land of tech gods, goddesses, and unicorns, where the best and the brightest come together to conjure digital magic?

Silicon Valley is not Disneyland. It's the Colosseum. It's the latest gladiator arena where the battle is not just for success but for survival. Behind those glass office walls, it's not all hoverboards and holograms. It's blood, sweat, and tears, and not the inspiring, motivational-poster kind.

The myth of the tech utopia hides a reality where burnout is a badge of honor, ethical boundaries are blurry, and people are often treated as disposable assets.

We aim to provide you with a realistic view of the tech industry, including its challenges and pitfalls, and offer guidance on how to navigate this environment so you can succeed without compromising your health or your values.

# LEVEL 1: PLAYING THE MENTAL GAME

CHAPTER 1

## Dragon-Slaying 101

Ego is a common trip wire for building your career in tech and raging egos have ruined many opportunities that seemed great through the interview process. Taming your own ego before it becomes ungovernable, tanking that once-great opportunity, is the real inner game of Silicon Valley survival and success.

Recognizing that your ego can work against you is only the first step. The real work lies in untangling the traumas and insecurities that spark those "hormone darts."

Gift yourself the opportunity for growth. Get an executive coach or therapist. A good coach will tell you when therapy will get you further. I have discussed high school with my coach zero times, but I have discussed how to confront challenges as what they are: challenges.

Being in tech is hard. Being a leader in tech is very, very hard. You don't have to go through this alone, and you don't have to learn all of these lessons the hard way.

CHAPTER 2

## I Bet You Think This Chapter Is About You

I marched into my first leadership role with endless passion. I was referred to as the chief belief officer, and it doesn't matter if the title was self-proclaimed; it stuck. What followed, me losing that role, was only a brief shock to my system. The lead-up to losing that role was absolute hell, and I spent years trying to figure out how it all fell apart so spectacularly.

There's no single root cause and no single person to blame. So, while it might have been easier to villainize others, I needed to do the harder work of understanding how, when things got bad, I was able to make them so much worse.

What emerged from that process was not a single explanation, but a clearer pattern of missteps and blind spots—lessons that only became visible through time, reflection, and a more honest assessment of my own role.

### Lesson 1: Nobody Gets to Measure You

The first book I bought after losing that leadership role was *Emotional Resilience* by Harry Barry. The answers I needed were in that book, but I was still asking all the wrong questions. There it was, a cliché as old as time: Failing does not make you a failure.

I highly recommend Barry's three rules to prevent you from equating failing to failure:

1. Don't rate yourself
2. Don't let others rate you
3. It's okay to rate your actions

### Lesson 2: It's Not About You

We interviewed Abby Kearns, a well-respected technology leader, and asked her what she wished young entrepreneurs and leaders knew. Without hesitation, she said, "I wish they understood that whatever is going on, it's not about them personally. It might be about a decision they made, the company, or the market, but it's almost never actually about them. They always think it's about them, and that's a blind spot."

### Lesson 3: Not All Passion Is Healthy

You have to have passion to be successful at a startup. There is, however, a type of passion that is unhealthy. Robert Vallerand is a social psychologist, academic, and author who published

> You don't owe anybody your burned-out self.

seminal research on this topic. He and his team were able to prove that when the thing you're passionate about begins to define your self-worth, your self-esteem becomes too tightly associated with the success or failure of the passion.

CHAPTER 3

## Nobody Knows

That's the big secret. Nobody really knows what is going to happen or knows every aspect of a topic or has the singularly correct point of view. In a universe where literally nobody knows everything, or anything with total certainty, curiosity is the only compass that really matters.

The actual smartest person in the room is the most curious person in the room. They use words for specificity and explanation, not gatekeeping. This is the difference between needing to show your mastery of a tiny blip of knowledge versus choosing to constantly expand it.

Learn to ask questions, learn to listen, and don't assume that just because you survived one tech battlefield, you know how every arena battle is fought. If you picked the wrong gig, you can still change course. You don't owe anybody your burned-out self.

Get curious, get clarity, and if you need to, get out.

CHAPTER 4

## This Chapter Is About You

Sometimes, your passion can have such a strong hold on control that you get completely disconnected from reality. Be it your pursuit of success, recognition, or knowledge, your ego brushes off escalating warnings from loved ones that you need to slow down. Your ego ignores pleas from your body to change your situation.

### Burnout

There are twelve widely recognized stages of burnout, originally penned by psychologist Herbert Freudenberger, whose research was informed in part by his own experience with stress and exhaustion:

1. **The compulsion to prove oneself**: Characterized by excessive ambition and a desire to prove one's worth
2. **Working harder**: Marked by pushing beyond limits and taking on increasing responsibilities
3. **Neglecting their needs**: Involves diminished self-care, including poor sleep, missed meals, and reduced social interaction
4. **Displacement of conflicts**: Defined by dismissing or ignoring problems due to perceived lack of time
5. **Revision of values**: Occurs as work becomes the primary focus and personal priorities lose importance
6. **Denial of emerging problems**: Reflected in intolerance and a tendency to blame others for stress and dissatisfaction
7. **Withdrawal**: Seen in increased social isolation and avoidance of interaction
8. **Odd behavioral changes**: Evident through cynicism, irritability, or aggression
9. **Depersonalization**: Involves detachment from oneself and treating others as objects or numbers
10. **Inner emptiness**: Characterized by a sense of meaninglessness and attempts to fill the void with unproductive habits
11. **Depression**: Marked by hopelessness, loss of purpose, and emotional decline
12. **Burnout syndrome**: Defined by physical and mental collapse requiring potential intervention

All too often, I see other people dismiss the warning signs of burnout, thinking, "I'll just push through." The valuable skill isn't in pushing yourself to the limit; it's in knowing when to stop, breathe, and honor your own limitations.

As you navigate your career, remember to listen to your body, be honest with what you want to do with your time, and find joy in those activities that let you let go.

Dr. Bessel van der Kolk's The Body Keeps the Score should be your first stop if you suspect burnout. It doesn't just tell you stress is bad. It explains how your nervous system hijacks you, why your body keeps receipts on every unresolved trauma, and why "just pushing through" is the worst possible strategy.

## LEVEL 2: SQUAD GOALS

CHAPTER 5

### Overclocked Misfits

Creating technology done well is a beautiful thing to experience. It is a high-speed, collaborative typing contest that is most similar to repaving a highway full of burning vehicles during rush hour.

No matter your role in shipping code, there seems to be a shared pride in building the next frontier alongside your fellow misfits. The term "misfits" was first introduced to me by newly acquired coworkers after my stint in academia. Over lunch on my first day, the crew boasted they were an "island of misfit toys," as was evident in our office's living room.

To proudly claim the label of "an island of misfit toys" really meant the team previously felt like outsiders and found camaraderie because of it. Your job in this world of overclocked misfits is to figure out who your allies are, stay away from the toxic culture sucker, and not become one of them yourself.

A team member who focuses on collaboration and understanding the bigger picture brings a different kind of energy than someone who sees every discussion as a chance to prove themselves. I'd rather work with a computer science intern eager to learn than someone who dismisses questions and steamrolls the conversation with their own vision. Skills can be taught. Processes can be learned. But character is far more difficult to change.

CHAPTER 6

### Show Me What I'm Working With

I learned the hard way that most things aren't about me after a tough conversation with a leader I deeply respect. He said, "The CEO is not responsible for your mental health. He is responsible for the success of the company, and if you want to destroy your mental health in support of his mission, he will let you."

The idea of servitude is a difficult concept for the prideful. However, if you can accept that things are not about you, then the only logical conclusion is that they are about the product, the company, and empowering all of the overclocked misfits, ourselves included, to punch above their weight. I needed to know how to best serve this person that I was following into battle every day. In this pursuit, I found the Social Styles Matrix.

#### The Social Styles Matrix

The problem with most of the popular frameworks is that they're too complicated. The Social Styles Matrix is simple. It's something you can read once and use for the rest of your career. It requires you to make just two simple, key observations about a leader:

1. **Ask versus tell**: When a decision is needed, do they start with gathering information or sharing their opinion or knowledge?
2. **Open versus closed**: In conversations, is it easy for them to share their feelings, or are they more reserved, even hidden?

Using this framework, you can determine if you're working with an executive who's a Driver, an Analytical, an Expressive, or an Amiable. Then, you just need to know how to work with them.

**Drivers**

Drivers are forceful and determined. They are action-oriented and want outcomes. You exist to provide options and a recommendation, but they will make the decision. The approach is, "Your two options are x and y, and I recommend x for this very concise reason." Answer their follow-up questions with facts.

**Analyticals**

With Analyticals, the word "precise-ish" doesn't exist. If you use it, you lose credibility. Their currency is information—*correct* information they *trust*. They are reserved but prefer to gather information before making a decision.

**Expressives**

The currency of Expressives is vision. Expressives don't care if ideas crash and burn. They care that you can think big enough to have the conversation. Think big but also be curious. Do not make the mistake of thinking that your Expressive doesn't have drive or a need for data. This person is often setting the three-to-five-year strategy for an organization; they know their stuff, but they understand the value of the creative process.

**Amiables**

Amiables are the diplomats. Trust is their currency, and they spend it ending wars and influencing big change. The Amiable is often the smartest person in the room, but they don't need you to know that. Often, you'll walk away feeling like

> Leadership isn't about mastering every function; it's about understanding how they fit together.

the victor while doing exactly what the Amiable wanted. They are, hands down, the best exec you'll ever work with, and in times of stress you should make every effort to channel their energy.

CHAPTER 7

## Unsung Heroes

When you're secretly crying in the bathroom because the CEO shredded you in another meeting, remember that someone stocked that quilted two-ply toilet paper you're using to dab those tears.

When a potential customer wants to change their sales contract twenty-four hours before quarter-end and legal saves your ass, understand that they did not have to save your ass. When similar startups with better products and more funding are folding and y'all aren't, thank finance.

When anything at all gets done that requires two or more teams working together, thank ops. Actually, when anything gets done, thank the ops team.

If you want to develop as a leader, you have to step outside of your bunker or cubicle corner. Leadership isn't about mastering every function; it's about understanding how they fit together. You may not know much about marketing, operations, or finance, but you are all wearing the same jersey. The only way to improve, make better decisions, and lead effectively is to listen and engage.

# LEVEL 3: LEARNING TO LEAD

CHAPTER 8

## Unicorns Are Real

If someone really wants to learn to cook, they buy *Jacques Pépin's Complete Techniques*. Jacques starts by teaching you how to pick a knife. You then learn how to sharpen a knife, and once you've mastered that, he deems you ready to learn how to hold a knife.

We're going to take a step back and tell you which knives you need and how they work. At minimum, chefs need a chef's knife and a paring knife. At minimum, you need S-curves and flywheels.

### Scarcity–Abundance S-Curves

There's a wave-generating tool called the scarcity–abundance S-curve. All software products start in the same place: Something is scarce, which is creating a problem that you want to solve. The software you develop to address that scarcity will make something else abundant, and that abundance will create a new scarcity.

S-curves aren't just how you start a company; they're how you keep it healthy in the long term. Great companies continue to feed the abundance of the first S-curve while executing on or acquiring the abundance of the second, and the third.

### Flywheels: How to Grow a Company

**Part 1: Momentum**

Imagine that a merry-go-round is our flywheel. You approach the merry-go-round and give it a push. You then take a step back and the merry-go-round continues spinning for a few seconds. Every push on the merry-go-round represents part of your startup strategy. You realize it's not about maintaining speed; it's about accelerating it. The faster you can make your strategy flywheel spin, the easier it is to make it go even faster and faster.

**Part 2: Self-Reinforcing Loop**

The kids hop on the merry-go-round and at first, it's harder to push, but there's something about the extra weight from riders that causes it to go faster than before. You kind of remember something from school about more mass resulting in more momentum.

You marvel as the merry-go-round continues to spin and spin and spin because more mass means more momentum which means the merry-go-round has more stored energy.

Similarly, if you build your strategy flywheel just right, it will become self-reinforcing.

CHAPTER 9

## Build Products That People Want

Want to nail your product launch? You've got to start with the build. There are three critical components you need to get right before launch day.

**Phase 1: Write down all your educated wishes**

Building and launching a product is basically a wild guess. It's your hypothesis about what others need, how often, and at what value. Before you dive into building, do your future self a favor and write down your guess. Then refine your guesses with data. These documented guesses will be your lifesavers after launch, when things might not go as planned.

**Phase 2: Design and build a new ride**

This phase shifts from meeting-driven chaos to long, focused and uninterrupted work blocks—the lifeblood of our overclocked misfits. Half of this phase is figuring out your flywheel. *It's the customer journey that's fueling the flywheel.* Sketch it out, explain it in a document, and get your fellow leaders and colleagues to comment on it.

**Phase 3: Set up ops**

Once the ride's designed, it's time to make sure the whole thing can even run. Setting up operations is all about making sure the flywheel will spin and reporting on how well it does. The whole point of the flywheel is optimizing customer experience for patterns in product usage.

CHAPTER 10

## Stick the Landing

A launch brings together everything discussed so far. The overclocked misfits, the opinionated leaders, and the unsung heroes all rally around addressing a scarcity, hoping to turn it into abundance and make money in the process. Launching a product is more than just making your code public. You get one shot at a launch.

### Positioning

You've been building a product and solving a real-world problem with brilliant engineering. Now, the tech is airtight, the features are impressive, and the team is hyped.

Messaging is where most teams mess this up: They focus on what they built instead of why customers urgently need it. If you want to nail it, use the customers' exact words in your messaging, not yours.

### Pricing

This is when engineering looks at you like you just asked them to put a price tag on their firstborn. And, don't forget that your Driver exec expects you to magically conjure up a pricing model that makes sense, drives adoption, and doesn't tank the business. Do your future self a favor and think about pricing while you're still building.

### Naming

Naming a flagship product is different from naming a secondary product or feature which is either free with or charged as an add-on to the flagship product. Unless you're aiming to be the next Xerox, consider choosing something that reflects the vision of what the product does or what people are looking for when they find it.

Also, times change. If the name you choose has any association with a single group of people, abandon that name.

### Testing

You aren't just launching a product; you're launching a flywheel. This is your first push of the merry-go-round, and if you didn't check the bolts before inviting users to hop on, don't be surprised when they're flung off at full speed.

History is littered with great products that failed spectacularly because someone skipped this step.

CHAPTER 11

## Grow the Flow

What happens next after a launch is largely situational. If you're at an early-stage startup, this is your situation:

None of your initial hypotheses or wish-list items will survive contact with the market. You must now find repeatability and then optimize for it.

Repeatability means that people are adopting your product for the same three to five reasons and achieving the same outcomes over and over again. To succeed, you must constrain your value prop. You have to be willing to tell a customer "We don't do that" and lose the deal.

There is some aspect or capability of the product that users like. Iterate on that functionality to grow its value toward repeatability. You'll have to block the noise. You do not need x security feature or z latency. You need something people actually want.

> If you build your strategy flywheel just right, it will become self-reinforcing.

### Get Pull or Pivot

The right market pulls a good product. If your product isn't getting pull, it's probably in the wrong market. You need to pivot—and you may need to pivot a lot.

A strategist once advised me that "if the engine starts going sideways, let it." Users might like a product for a variety of reasons. You must find the reason or positioning that offers differentiation from the rest of the market. Here it is again: Care about their words and not yours.

CHAPTER 12

## Data Isn't People

When we start using data to actively inform our decisions in real time, we can turn things around, build trust, and drive companies to exist with data, not egos. Here are the six things we recommend for leaders who are ready to move from chaos to control:

**1. Data is the grounding of a shared narrative**

Data gives you a shared language. Without it, your meetings are just ego-fueled debates, and the loudest person in the room usually wins.

**2. Watch for deadline heroics**

You're going to set goals, and sometimes those goals will be missed. What you need to watch out for are the last-minute scrambles where someone suddenly manages to "save the day."

**3. Create a drumbeat**

Imagine data as a steady rhythm that keeps your team in sync. It's like a drumbeat that sets the pace for everyone. You don't want frantic bursts of activity that burn everyone out. You want steady, reliable progress.

**4. You can change it**

If something isn't working, if the data is showing that you're not on pace to hit your goals, change the goal. Adjust. Pivot. Don't stick with a plan that's clearly leading you off a cliff just because it's what you wrote down three months ago.

**5. Things get worse before they get better**

Drops in metrics mean you are still perfecting the process. The worst thing you can do is panic. Change takes time, even if the early signs make you sweat.

**6. Two types of data, one way to use them**

You've got operational data: the stuff that tells you what's happening day to day. And then there's strategic data: the information that helps you see where you're headed in the long run. The way you use them is *together*.

# LEVEL 4: IT'S A JUNGLE OUT THERE

CHAPTER 13

## Enemies, Friends, and Frenemies

It's easy to fall into the trap of seeing other companies as competition when there's overlap on secondary feature sets of your product. I was provided a framework for identifying the real competition. To be a competitor, all three of the following questions must be answered with a yes:

- Do you serve the same user?
- Do you serve the same core use cases?
- Do you share the same buyer?

As a leader, you must learn to appreciate the competition. Remember: To go fast, go alone. To go far, go together.

Your competition can become your partner. The best partners are simply other companies' products that your customers use alongside your products.

Only go after the partnership if they have something you want. Land the partnership by knowing what they need and showing how something you have can further their mission. Focus your energy on the narrow scope of mutual benefits.

CHAPTER 14

## Get That Funny Money, Honey

Getting funding comes down to people, timing, and execution. If you're going to get funding, you're going to need to get tough. Here is a hit list of things you must know:

**The people**

Whether you're an extrovert or an introvert, the idea of pitching to VCs is either high-octane adrenaline pumping or high-octane adrenaline sucking. Either way, it's the ultimate test of your vision, your nerves, and your ability to sell not just a product, but a vision.

**Cofounder dynamics**

Folks usually think cofounders are a balance of tech and business savvy. I spoke to a serial founder, Matthias Broecheler, who had a different perspective, and I love it. He looks for a cofounder who is unreasonable in the best way. They don't take no for an answer. They don't think inside the box. They'll do whatever it takes to do whatever it takes.

**Know your leverage**

Venture funding isn't charity. What is your leverage? Are you a previous founder or industry influencer with a killer reputation and track record of success? If so, that's your leverage. Just send up a smoke signal and you should get funding quickly.

**Educate yourself on VC motivations**

Not all VCs are created equal. Some seek early exits; others invest in long-term growth. Some are swayed by technological innovation, while others prioritize business models. Aligning with a VC whose goals mirror your own can be the difference between a fruitful partnership and frustrating micromanagement.

**Prepare for rejection**

Securing VC capital is daunting. It involves numerous meetings, negotiations, and yes—rejections. Resilience is your single greatest asset. Learn from each pitch and continuously refine your approach.

**Talk to other founders**

I once went to a forty-five-minute conference session on VCs behaving badly, and my takeaway was that good founders want to pave the way for new founders. Just go talk to them.

**Timing**

You must leverage industry cycles. Understand the ebb and flow of your industry's funding cycles. There are times when money floods into certain sectors (think AI, blockchain, etc.) and times when it recedes.

**Execution**

Execution ultimately determines the extent to which funding opportunities convert into viable outcomes. The following elements define how effectively that execution is assessed and sustained.

- **Clarity is king**: Walking into a pitch with a muddled message is going to fail. Your value proposition should be crystal clear, and it should articulate exactly what your startup does, whom it serves, and why it matters.
- **Signal strength**: For new founders, your traction speaks louder than your projections. Traction can get you to the top of any VC's darlings list. This is why open source is your friend. You must shed your introversion to get your code seen.
- **The deal**: Many founders think that they are in the weaker position for negotiations. Flip this on its head. If a VC needs your innovation to enhance their portfolio, you wield the power. Use this to negotiate terms that favor your long-term vision over immediate gains, preserve your equity, maintain control, and minimize board interference. You're here to make a mark on the world, not just to do a deal.

CHAPTER 15

## Piercing the Dark Veil of Acquisitions

You can't buy a company strategy, but you can accelerate one through an acquisition. If you're the buyer, you need stakeholder buy-in on what the goal of the acquisition is. If you're the seller, it's a good idea to decipher the buyer's strategy so that you can appeal to it and maximize your value.

Acquisition goals are usually some combination of the following strategic objectives:

- enhancing the product or filling a product gap
- moving into an adjacent market
- increasing your geographic reach
- consolidating the market
- acquiring talent
- playing the metrics game
- other reasons: tax purposes, refocus, diversification, etc.

### Advice for Buyers

If growing your market means moving into adjacent tech areas, you must deeply understand the industry landscape of your market and the adjacent one. You need to understand who needs who, what areas make sense to expand into, and which technology your customers must use to get the most value out of your products. Knowing this is the key to going from understanding the corporate strategy to writing an acquisition strategy.

### Advice for Founders (Sellers)

- **Be findable**. Make sure your company description is clear and straightforward.
- **Be prepared**. Have your financials, growth metrics, and vision well documented.
- **Be open-minded**. An acquisition offer isn't an insult to your entrepreneurial spirit. It's a potential opportunity.
- **Sell before growth stops.**

### Better Together

When the prospect of an acquisition surfaces, it's all about how we can achieve more united than apart. If you don't see that potential, that's fine. Timing is everything.

But if our conversation ignites a spark, if we start envisioning a future where one plus one equals three, then we're onto something special. The right offer is one that pays ahead of a bunch of risk.

Whether you're a buyer seeking to accelerate your company's strategy or a founder contemplating an offer, the biggest predictor of future success is to what degree both parties believe that the shared vision will propel the combined teams forward.

CONCLUSION

## Life's a Pivot

Maybe it was the athlete within me that made me reach for Silicon Valley. Or maybe it is the right fit for my blend of drive and quirk. Whatever the reason, stepping into this arena meant that I had to take a long, hard look at the most irritating, overclocked misfit and learn that I was looking at myself. Growth meant learning how to genuinely envision an Analytical's perspective and slow down around an Amiable.

I've always loved Drivers, though. Urgent decision-making and operations are our lifeblood. Stumbling upon a place where speed and bluntness are actually valued has been one of the most unexpectedly calming side quests I've completed in the arena.

Just as I got comfortable flooring it, I realized the real challenge was learning when to pump the brakes. And sometimes, self-awareness isn't just about realizing where you are the problem. It is also about resisting the urge to fix everything yourself. Growth means holding others around me accountable for what I see.

Here's the crazy part: Letting go of my need to know it all didn't mean I abandoned my big ideas. Quite the opposite. The moment I stepped off my ego pedestal, I saw the market crying out for a solution built on scarcity and powered by relentless flywheel momentum. In other words, we've got a golden opportunity to launch a merry-go-round that you will want to push, especially if we move fast and strategically.

Our experience taught us how to see the abundance of secret plays, insider baseball tips, and mental breakdowns as opportunity. We know how to fix merry-go-rounds. We know how to reconnect your flywheel to make it spin. We've faced enough competition to know who is friend or foe. We want to help you know these things, too.

But remember, the path ahead starts with fixing yourself.



**Denise Koessler Gosnell** is a technology executive, author, and educator known for navigating complex challenges in high-growth environments. She earned a PhD while leading NSF-funded innovations, experienced the highs and lows of startup life, and helped drive large-scale product launches at Amazon. Now the CEO of an AI education venture, she equips professionals with practical strategies to succeed in the tech industry without losing their perspective or well-being. Gosnell combines technical expertise with real-world insight to help others build resilient, sustainable careers while maintaining clarity, humor, and a strong sense of self in fast-moving environments.



**Kathryn Erickson** is a technology strategist and cofounder of a stealth AI startup with more than twenty years of experience across security, data, and high-growth technology companies. She has held leadership roles at the National Science Foundation, MITRE, and DataStax, where she led product strategy, ecosystem development, and corporate innovation initiatives. Erickson has worked extensively in open source, cloud platforms, and enterprise transformation, helping organizations scale and adapt in complex environments. Known for turning strategy into execution, she specializes in building partnerships, guiding acquisitions, and leading teams through critical inflection points in rapidly evolving markets.

***Tech Confidential: The Insider's Playbook for Daring Entrepreneurs*** by Denise Koessler Gosnell and Kathryn Erickson. Copyright© 2025 by Denise Koessler Gosnell and Kathryn Erickson. Summarized by permission of the Publisher, Ideapress Publishing. ISBN 9781646872640. Summary published by Soundview Executive Book Summaries®. Copyright 2026 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. 4818

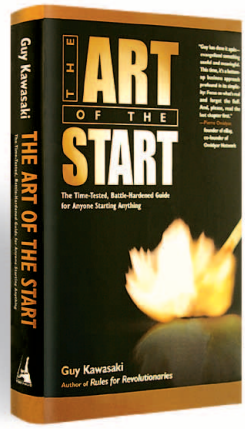
· Book 52 of 67 ·

# The Art of the Start

Guy Kawasaki

SOUNDVIEW Executive Book Summaries®

FILE: SMALL BUSINESS/ ENTREPRENEURSHIP




By Guy Kawasaki

## CONTENTS

**Causation: The Art of Starting**
*Page 2*

**Articulation: The Art of Positioning**
*Page 2*

**Articulation: The Art of Pitching**
*Page 3*

**Articulation: The Art of Writing a Business Plan**
*Page 3*

**Activation: The Art of Bootstrapping**
*Page 4*

**Activation: The Art of Recruiting**
*Pages 4, 5*

**Activation: The Art of Raising Capital**
*Pages 5, 6*

**Proliferation: The Art of Partnering**
*Pages 6, 7*

**Proliferation: The Art of Branding**
*Page 7*

**Proliferation: The Art of Rainmaking**
*Pages 7, 8*

**Obligation: The Art of Being a Mensch**
*Page 8*

### The Time-Tested, Battle-Hardened Guide For Anyone Starting Anything

# THE ART OF THE START

## THE SUMMARY IN BRIEF

*"Entrepreneur" is not a job title: It's the state of mind of people who want to alter the future. Doing, not learning to do, is the essence of entrepreneurship. Guy Kawasaki writes that his goal is to help you use your knowledge, love and determination to create something great without getting bogged down in theory and unnecessary details. In* The Art of the Start, *he presumes that your goal is to change the world — not study it.*

*At Apple in the 1980s, Kawasaki was a powerful leader who turned ordinary consumers into evangelists. As founder and CEO of Garage Technology Ventures, he has field-tested his ideas with dozens of newly hatched companies.*

*In* The Art of the Start, *Kawasaki takes you through every phase of creating a business, from the very basics of raising money and designing a business model through the many stages that will eventually lead your company to doing the right thing and giving back to society.*

## What You'll Learn In This Summary

✓ **What the entrepreneur's key tasks are.** Every startup must make meaning, make mantra, get going, define its business model and weave a MAT of critical Milestones, Assumptions and Tasks.

✓ **How a new company can articulate what it is all about.** Pitching, positioning and writing a business plan are the ways in which a startup defines itself and communicates its message to others.

✓ **How you can "activate" your business.** Bootstrapping (operating on little cash), recruiting and raising capital will all give you the human and financial resources you need.

✓ **How you can "proliferate" your business.** Creating win-win partnerships, building a brand and "rainmaking" (generating large amounts of business) all expand your startup beyond its original horizons.

✓ **What the entrepreneur's obligation is to repay society.** In exchange for the right to exist and do business, each of us is required to give back to society and to be a *mensch* — a generous, honest, socially responsible, fully moral person.

Published by Soundview Executive Book Summaries, P.O. Box 1053, Concordville, Pennsylvania 19331 USA
© 2005 Soundview Executive Book Summaries • All rights reserved. Reproduction in whole or part is prohibited.

# THE ART OF THE START

**by Guy Kawasaki**

## — THE *COMPLETE* SUMMARY

## Causation: The Art of Starting

To alter the future, an entrepreneur must:

**1. Make meaning.** Create something that makes the world a better place.

**2. Make mantra.** This is a powerful, emotional statement of what the company is all about.

**3. Get going**. Get your product or service to market, even though it's not perfect.

**4. Define your business model.** Do the following:

- Target your customer specifically.
- Keep it simple. Describe your business model in 10 words or less with little or no business jargon.
- Copy somebody. Relate your business model to one that's already successful and understood.

**5. Weave a "MAT"** — Milestones, Assumptions and Tasks. Compile these three lists:

- Milestones you must meet: e.g., complete design specifications, raise capital.
- Assumptions about your business: e.g, market size, gross margins.
- Tasks necessary to design, manufacture, sell, ship and support your product or service.

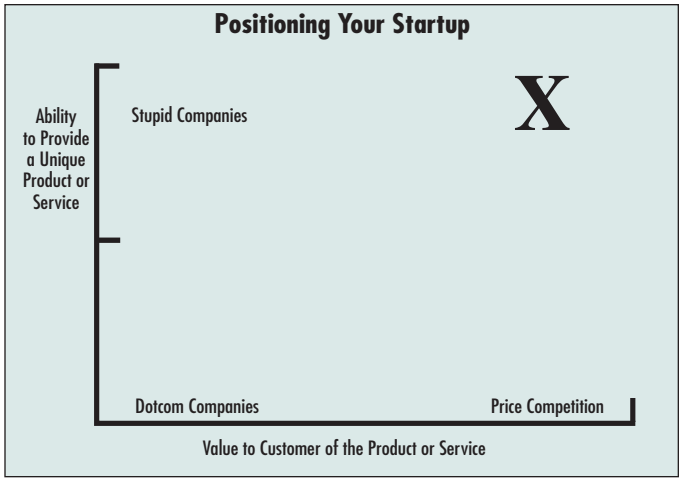
Make business cards and letterheads immediately (12-point font, minimum). You also need a Web site and a domain name. ■

**For additional information on the art of starting, go to: http://my.summary.com**

## Articulation: The Art of Positioning

Positioning is a clear statement of why the founders started the organization, why customers should patronize it and why good people should work at it. Good positioning is:

- **Customer-centric.** It's all about what you do for your customers.
- **Empowering.** It shows your employees they're making the world better.
- **Practical.** It's easily understood and believed by customers, vendors, employees, journalists and partners.




It uses plain English, not industry jargon. And it is founded on the core competencies of your organization.

Clearly differentiate yourself from the competition. Instead of near-universal terms likes "high quality" or "easy-to-use," offer concrete proof points that convey your unique qualities.

Pick a company name that will make your positioning easier. Use a first initial that's early in the alphabet and avoid words that begin with X or Z.

The availability of a domain name should be a factor in naming the organization. You need a domain name that people can easily remember and use.

Everyone in the company, including your directors and advisers, should understand the positioning. Put it into a short document and discuss it in an all-hands meeting. ■

**The author:** Guy Kawasaki is the managing director of Garage Technology Ventures, an early-stage venture capital firm for high-technology companies. Previously, he was an Apple Fellow at Apple Computers Inc. He is also the author of seven books, including *Rules for Revolutionaries* and *How to Drive Your Competition Crazy.*

Copyright © 2004 by Guy Kawasaki. Summarized by permission of the publisher, Portfolio, a member of Penguin Group (USA) Inc., 375 Hudson Street, New York, NY 10014. 226 pages. $26.95. ISBN 1-59184-056-2.

Summary Copyright © 2005 by Soundview Executive Book Summaries. www.summary.com, 1-800-SUMMARY, 1-610-558-9495.

**For additional information on the author, go to: http://my.summary.com**

**Published by Soundview Executive Book Summaries** (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corporation. Published monthly. Subscriptions: $195 per year in the United States, Canada and Mexico, and $275 to all other countries. Periodicals postage paid at Concordville, PA and additional offices.

**Postmaster:** Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2005 by Soundview Executive Book Summaries.

**Available formats:** Summaries are available in print, audio and electronic formats. To subscribe, call us at 1-800-SUMMARY (610-558-9495 outside the United States and Canada), or order on the Internet at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Soundview Executive Book Summaries®**

Alan Perlman – *Contributing Editor*
Debra A. DePrinzio – *Senior Graphic Designer*
Chris Lauer – *Senior Editor*
Christopher G. Murray – *Editor in Chief*
George Y. Clement – *Publisher*

# Articulation: The Art of Pitching

In the first minute of your pitch, don't lead off with a heartfelt autobiographical tale. Explain what your company does. Then your audience can listen to everything else with a more focused perspective. If they remember that alone, your pitch will be better than 90 percent of the competition.

You want to communicate enough to get to the next step. If it's funding, then you want a meeting with more partners in the firm. If it's a sale, then you want a test installation or a small purchase. If it's a partnership, then it's meeting more people within the organization.

Your audience doesn't necessarily understand the importance of what you're saying, so every time you make a statement, consider following it with an answer to the question "So what?" Know your audience. A great pitch starts with the research you do before the meeting. Visit the organization's Web site, use Google searches, read reports and talk to your industry contacts. Ask the person who invited you: What are the most important things you'd like to learn about us? What attracted you to our idea? Are there any special issues or questions I should be prepared for?

Keep the pitch down to 10 slides and 20 minutes to allow for discussion. The CEO should do 80 percent of the talking. The rest of the team (no more than two others) can present the one or two slides pertaining to their expertise.

### *Realistic Segmentation*

Describe only your "total addressable market" — not the totality of every nickel that's spent on something related to your product or service. You'll show that you truly understand the market — and you're realistic about the segments that you can address.

Strive for a balance: Provide enough detail to prove that you can deliver — and enough aerial view to prove you have a vision. Don't even mention liquidity unless you have at least five potential acquirers that the investor is unlikely to know about — this shows you truly know your industry. Saying the industry leader will buy you out will only scare investors away.

After the pitch, take notes on the audience's responses. At the end of the meeting, summarize what you heard to make sure you got it right. Then go back and write the presentation from scratch. Let this version reflect what you've learned to date.

Continue to develop your pitch. When you're familiar and comfortable with it, you'll give it most effectively. For most people, real fluency takes about 25 repetitions. If your pitch is short and provides a compelling story of how you solve a real problem, it'll be better than 99 percent of the rest. ■

For additional information on the art of pitching, go to: http://my.summary.com

# Articulation: The Art of Writing a Business Plan

A business plan isn't terribly useful to a startup because so much of it is based on assumptions. The plan document is actually one of the least important factors in raising money. If an investor is leaning positive, the plan only reinforces his or her thinking. If the investor is negatively inclined, the plan will probably not change his or her mind.

Still, many investors do expect a plan. And in the later, due-diligence days, the investor will ask for a plan because it has to be "in the file." The main reason for writing a plan is to force the founding team members to work together and consider any issues they had overlooked or glossed over in their initial euphoria.

### *Uncover Holes in the Team*

Writing a plan uncovers holes in the team. If you see that no one can implement key elements of the plan, you need someone else on board. A good business plan is a detailed pitch. If you get the pitch right, you'll get the plan right.

Write a pitch that follows the 10 slides: title slide; problem; solution; business model; underlying magic; marketing and sales; competition; management team; financial projections and key metrics; and current status, accomplishments to date, time line and use of funds. Practice on mentors, colleagues and relatives. Get the team in a room and discuss what you've learned. Fix the pitch, then write the plan.

Use the slides for your pitch as the framework for your plan. Instead of a title slide, write an executive summary — a clear, concise (about four-paragraph) description of the problem you solve, how you solve it, your business model and the underlying magic of your product or service. It's the most important part of your business plan because it determines whether people read the rest of it.

### *Business Plan Writing Tips*

Use these tips when writing your plan:

- **Keep it under 20 pages.**
- **Pick one person to write it, to give it a single voice.**
- **Keep your financial projections down to two pages.**

The most important projection is your cash flow statement for the first five years. Generally, investors want five years of projections — or however long it takes to get to "significant" revenues — to help them understand the scale of your business and determine how much capital you require.

- **Include key metrics, e.g., number of customers.**
- **Include assumptions that drive your projections.**

To make your plan stand out from others, have a credible referral source bring it to the attention of the reader.

Also, provide a list of customers the reader can call to find out how much they need your product or service — or, even better, how much they're already using it. ■

# Activation: The Art of Bootstrapping

Bootstrapping is about surviving the critical, capital-deprived early days — about thinking big and starting small. It means managing for cash flow, not growth or market share.

Here are the preconditions for successful bootstrapping:

- **People already know, or it becomes immediately obvious, that they need your product or service.**
- **A megatrend is breaking down barriers for you.** A prime example is the Internet.
- **You can piggyback on a product or service that already has a large installed base.**

Here's what else you must do to bootstrap successfully:

**Do a "bottom-up" forecast,** starting with such real-world variables as the number of phone calls that each salesperson can make per day, until you develop a realistic forecast.

**Get to market immediately** (exceptions: a biotech or medical device company). You get immediate cash flow and real-world feedback.

Of course, if there are quality problems, your image could suffer, which is why there is such tension involved in deciding between shipping your product and perfecting it.

### *Bootstrapping Tips*

To bootstrap successfully, you must also:

**Hire affordable talent** — inexperienced young people full of raw ability and energy. They'll try anything!

**Know what you're really good at.** "Off-the-shelf" is good if you can save money on products and services that have become commoditized.

**Sell directly.** A distribution system isolates you from your customer and requires a large sales volume.

**Position yourself against the market leader.** This works only if (a) the leader actually is, and remains, worth positioning against (think Enron); (b) the leader doesn't get its act together and erode your advantage; or (c) your product or service really is superior.

**Stay in touch with reality.** Ask the important questions about who we are, what we need and what we are doing.

Realism is so important that you need someone on your team whose role and temperament keep you in touch. This person should have at least 10 years of operating experience (as opposed to being a consultant or analyst), including firing or laying off someone. The role may shift from one person to another. The important thing is that the right person is available to give you a reality check when you need it.

**Outsource.** Overstaffing causes many problems, so outsource as many functions as you can — but only payroll and other back-office work that others can do as well as you.

**Build a board.** Include outsiders. Good guidance is always valuable.

**Sweat the big stuff** — developing your product or service, selling it and collecting the money. Whenever possible, do the small stuff (office space, furniture, computers, etc.) cheaply.

**Execute.** The real enemy of bootstrapping is failing to execute. Some recommendations include:

- Set and communicate goals.
- Measure progress and report results; at first, every 30 days.
- Establish a single point of accountability. If it takes more than 10 seconds to figure out who is responsible for a goal, something is wrong. Besides, someone who is being measured and held accountable is highly motivated.
- Reward the achievers.
- Follow through until an issue is either done or irrelevant.
- Establish a culture of execution. The CEO must set the right example — answering inquiries, solving problems and promoting people who deliver results, thus sending an unmistakable message: In this organization, execution counts. ■

# Activation: The Art of Recruiting

Good recruiting starts at the top: A CEO must hire a management team that is better than he or she is. And the team must hire employees who are better than they are. Both CEO and team must have the humility to admit that some people can perform a function better than they can. And they need the self-confidence to recruit these people.

To avoid hiring the wrong people, use the following techniques:

**Don't confuse correlation and causation.** A candidate may have worked at a successful organization without actually contributing to its success. Analyze his or her actual performance and results.

**Dramatize your expectations.** Make it clear that working in a startup is different. You might scare off a few desirable candidates, but it is worth it to avoid ending up with people who cannot function in a startup atmosphere.

**Learn to read references.** U.S. laws prohibit providing job references that could damage a candidate's ability to get a job, so whenever you don't get a superlative reference, consider it a negative one.

**Look to your current employees to bring in good staff.**

*(continued on page 5)*

## Activation: The Art of Recruiting

*(continued from page 4)*

Good hires should not only be better than a CEO and management team; they should also be different from them. You need people with diverse and complementary skills.

Your candidates must also be infected with enthusiasm for what you do. Take a chance with a reasonably qualified candidate who already believes in what you're doing.

What if the candidate has been with a failed organization? Failure is usually a better teacher than success. But avoid the person who has a consistent history of working for failures. You want smart people — not necessarily "degreed" people.

### *Double-Edged Sword*

Industry experience is a double-edged sword. Understanding the industry lingo and possessing preexisting relationships are helpful. But a candidate who is stuck in his or her way of thinking can be a problem.

The same goes for functional experience: Sometimes it will carry over to a new industry; sometimes it won't.

You should often ignore a functional weakness. When head count is low and there is no room for redundancy, you need tremendously talented people. High achievers tend to have major weaknesses. People without major weaknesses tend to be mediocre.

Ask a candidate who his or her important decision-makers are — children, parents, friends — and then answer the candidate's concerns too.

Don't prepare an offer until the end of the hiring process. It is not a negotiating tool to get the candidate to say yes — but simply a way to confirm a verbal agreement.

Sometimes the candidate's education and background aren't quite right, but your intuition says "grab him" — or the candidate is perfect on paper (education, work experience, etc.), but your intuition tells you to pass. Unfortunately, your intuition is often wrong.

### *Balancing Intuition*

To balance any undue influence from your intuition, do the following:

**Prepare a structure for the interview beforehand.** Decide on exactly the attitude, knowledge, personality and experience that are necessary for the position.

**Ask about specific job decisions that the candidate has made.**

**Stick to the script.** Minimize spontaneous follow-up questions; resist making up new questions in real time.

**Don't overdo the open-ended, touchy-feely questions.** Instead of "Why do you want to work for this organization?" ask, "What were your biggest accomplishments and failures?"

### The Mall Question

One last question you should ask yourself about job candidates: Is this the kind of person you would actually walk up to at the mall? If not — or if you would avoid him or her — don't make the hire. Life is too short to work with people you don't naturally like — especially in a young, small organization.

**Take copious notes** so you can accurately remember what each candidate said.

**Check references early** to decide whether the candidate is even acceptable — not as a confirmation of a choice you have already made.

Despite your best efforts, the new hire might not perform to your expectations. If you don't terminate people who aren't working out, you increase the probability of having to lay off people who are.

Establish an initial review period, with incremental milestones and concrete performance objectives. Agree that after 90 days, there will be a joint review, at which both sides will discuss what's going right, what's going wrong and how to improve performance. (Some issues will be your fault!) ■

For additional information on how to gauge a candidate's enthusiasm for your business, go to: http://my.summary.com

## Activation: The Art of Raising Capital

To meet the people who can lend you money, you need an introduction by a credible third party — preferably a source that your potential investors respect, such as a current investor. When you pick a lawyer, an accountant and a PR counselor, look for connections as well as competence. Ask them to introduce you to sources of capital.

Other entrepreneurs are another source. A call or e-mail from an entrepreneur to his or her investors saying, "This is a hot company — you should talk to them," is powerful. If you are starting a not-for-profit, look at the organizations that your target foundations have funded.

If you don't know such people, get out there and get connected. (See "*Schmoozing*" on the next page.)

### *Show Forward Momentum*

You also have to show evidence of forward momentum. The factor that counts most is sales — evidence that people are willing to put money in your pocket.

Momentum can take other forms: for a church, attendance at services; for a museum, the number of visitors.

*(continued on page 6)*

## Activation: The Art of Raising Capital

*(continued from page 5)*

Investors are not attracted to a company that hasn't cleaned up its act. You should have no issues in intellectual property (e.g., lawsuits), capital structure (e.g., ownership of most of the organization by a few founders), management team (e.g., married or related co-founders), stock offerings (e.g., common stock sold to friends and relatives at high valuations), or regulatory or tax compliance.

If any of the above has not been or cannot be cleaned up immediately, tell the investors — early.

If you worked for a failed organization, accept as much blame as is justified without blaming anyone else. What's important is not that you failed — it's that you learned from your failures and are eager to try again.

### *Some Competition Is Good*

Never tell potential investors that you have no competition. A moderate level of competition is good because it validates the market. And the fact that you're aware of your competition shows you've done your homework. If you're accurate about the things that you can do and the competition can't, you will build credibility.

Your competition might simply be the status quo. Pick something, because saying you have no competition is a nonstarter.

After all this, an investor might show interest — then stall. He or she might still be watching you: Did you try to establish contact after the pitch? Did you answer questions that came up in the pitch? Did you provide supplemental information that supports your case? Have you closed the big customers or met milestones early? Have other high-quality investors written you a check?

### *From Persistent to Pest*

If you have tangible accomplishments and significant improvements, continue to make contact (but only if you have something to report — otherwise, you've gone from "persistent" to "pest").

Raising money is a long, hard process — and that's if it goes well. Venture capitalists don't know any more than you do about your sector. Also, getting a top-tier investor does not guarantee that you will succeed. These firms make many bets, and they assume that most won't pan out. Plus, the moment that you take a dollar of outside money, you lose control. You are obligated to all shareholders, even those with a minority position.

Lower your expectations. Outside investors can open doors, help you kick-start sales and partnerships, help you find future investors and prevent you from making mistakes that they've seen before. But that's about it. ■

For additional information on the ten top lies that entrepreneurs tell investors, go to: http://my.summary.com

# Proliferation: The Art of Partnering

You enter into partnerships to drive your financial performance. Define the deliverables and objectives in such "spreadsheet" terms as additional revenues or new markets. If you base a partnership on spreadsheet numbers and define deliverables and objectives, you have tripled the probability of its success.

Successful partnerships start with a true win-win agreement that leverages the strengths and needs of both partners.

Many partnerships are formed between two organizations of vastly different sizes, so it is tempting to cut win-lose deals.

But such deals won't last. Oppression is not a sustainable system. Also, if you want the middle and lower ranks to support the partnership, both sides have to see the union as a win. Beware of win-lose partnerships, no matter how attractive the terms.

### *Internal Champions*

To keep the partnership going, both organizations need an internal champion — not the CEO, but a single point person who truly believes in the relationship. The success of the partnership should be his or her only goal. The internal champion should be empowered to cut across internal departments, priorities and turfs.

Don't send a draft of the partnership agreement to get the discussion rolling. Instead, get together face to face. Discuss the deal points and write down the ones you agree on. Follow up with a short e-mail outlining the partnership "framework." Then reach closure on all details by e-mails, phone calls and follow-up meetings. Finally, draft your legal document.

Then find a lawyer who genuinely wants to do deals, not prevent them.

Always include an exit clause. People are more likely to take chances and be innovative if the partnership is not set in stone.

### *Schmoozing*

It is much easier to build partnerships with people who already know you. The process of building connections is called "schmoozing," "networking" or "discovering what you can do for someone else."

Attend trade shows, conventions, seminars and conferences.

When you are talking to people, ask good questions, then shut up. Good schmoozers don't dominate conversations. They start them off with interesting questions — and then listen.

*(continued on page 7)*

## Proliferation: The Art of Partnering

*(continued from page 6)*

Within 24 hours of meeting someone, **follow up** with an e-mail or phone call.

**Make it easy to get in touch.** Carry business cards with your e-mail address and phone number. Promptly respond to e-mails and voice mails.

**Unveil your passions.** If you can talk only about your business, you're boring. But if you are knowledgeable about six subjects, you can connect to almost anyone in the world. (If you have no passions, then at least read voraciously to learn a little about many things.)

**Do favors.** Help people — especially people who seemingly can't do anything for you. And do it without expectation of return. Somehow, you will be repaid. ■

# Proliferation: The Art of Branding

Brand-building starts with adoption. To encourage adoption, you must:

- Reduce product complexity and flatten the learning curve. A customer should be able to get basic functionality right out of the box.
- Make the manual a marketing opportunity. The better the manual, the more enjoyable the customer's experience, and the better your word-of-mouth branding. Include a thorough index.
- Test your product on someone over 45. The feedback of teenagers is irrelevant — they can figure out anything. Create a user interface that an ordinary adult can handle.
- Keep the price and conversion costs low.

### *Proselytize*

If you have done all this, then you are well-positioned to "proselytize" — to ask satisfied customers for help in spreading the word and building a community around your product or service.

Brand building also means attracting publicity and press coverage. If your customers generate buzz, the press will write about you. But you should also make friends before you need them. Help reporters from publications you've never heard of. Later on, they'll remember you.

Decide whether your story is appropriate for a particular publication. Identify and work with the reporter in your field. Pitch that reporter only if your story really is useful for his or her readers.

Be a foul-weather friend. Whether or not things are going well, always return phone calls and maintain good relations with the press.

Always tell the truth. If you've been honest when times are bad, they will believe you when times are good.

Your employees can also help you build your brand. Make sure that everyone has at his or her disposal several snappy one-liners that enable him or her to proselytize for the organization.

Do you need a PR firm or a PR department? They can force you to create a solid branding message, open the door for you with members of the press via pre-existing relationships, schedule meetings and interviews, provide post-interview feedback and help you improve your presentation skills. They cannot take second-rate products and services and generate countless articles about them or make the company always look good. ■

**For additional information on building your brand by recruiting evangelists, go to: http://my.summary.com**

# Proliferation: The Art of Rainmaking

Rainmaking means generating large quantities of business. Two conditions make rainmaking difficult. First, you don't know who will actually buy your product and what it will be used for. Thus, one challenge is to get your first version into the marketplace to find out where it blossoms.

Also, few customers want to take a chance on a new offering from a small, undercapitalized organization. The second challenge is to overcome this resistance.

### *Take the Money!*

If you see your offering being used in unintended ways, don't try to reposition it so that the intended customers use it as intended. Take the money! But also learn where and why you are succeeding, then adjust your business to reflect this information.

To sell effectively, you must establish credibility and develop personal contacts, which begin with effective lead generation. The most effective technique is to conduct small-scale seminars to introduce the product (not to advertise, telemarket, make glossy brochures or exhibit at trade shows).

The next best methods are, in order, giving speeches, getting published, networking and participating in industry organizations.

To generate business, you must also find the true decision-makers by asking their secretaries, administrative aides and receptionists. Here is how you can work with gatekeepers to get access:

**Understand them.** Their job is to enable the executive to do his or her job — partly by guarding his or her time (which many people, like you, might waste).

**Don't try to buy them.** Have a credible introduction

*(continued on page 8)*

## Proliferation: The Art of Rainmaking

*(continued from page 7)*

and a rock-solid proposition; then treat every gatekeeper with respect and civility. After you've gained access (whether it worked out well or not), follow up with an e-mail, handwritten note or gift.

**Empathize.** This person is not making much money — certainly a pittance compared to the executive. And he or she could probably run the place better. So don't assume the gatekeeper has to put up with you.

**Never complain.** Even if the person is wrong, your complaint will circle back, and you can kiss your access goodbye. Forever.

### *Dream Accounts*

Rainmakers typically want to land the big, prestigious customer who provides tons of money, plus credibility. The problem is that these accounts are already successful and established. They're the least likely to embrace your innovative product or service.

So if your dream account doesn't "get it," find customers who are at least willing to consider you. They're typically not using anything. You are enabling them to do something they can't do — as opposed to having to displace an entrenched competitor.

### *Let Them Talk*

Let your sales prospects talk. If a prospect is willing to buy, he or she will often tell you what it will take to close the deal. Create a comfortable environment. Ask permission to ask questions, listen to the answers and take notes. Explain how your product or service fills the prospect's needs.

Begin by mentioning all your benefits — and let prospects react. They will typically tell you which ones are appealing.

If nothing resonates, ask what would. Then focus on the answer, because you've just gotten valuable information on "how to sell to me."

If the customer says, ***"You don't have your act together,"*** either you really don't — or you have stepped on someone's toes. Review your pitch and interpersonal skills to determine which it is. If you offended someone, figure out how to make amends.

***"You're incomprehensible"*** means "redo your pitch from scratch, cut out the jargon and practice." The burden of proof is on you. If you need customers who are "smart enough to understand why they need our product," you'll starve.

***"You're asking us to change, and we don't want to"*** means you are in the right market but talking to the wrong customers. Find customers with a problem that you can solve.

***"You're a solution looking for a problem."*** Keep mutating your value proposition until it really appeals to a customer. If you can't create real value, you might really be a solution looking for a problem.

***"We've decided to standardize on another product (or service)"*** means that you are probably trying to sell to the wrong person — if your product or service is truly, demonstrably better. Avoid the gatekeeper and try to get access to the real customer.

Support your selling by letting customers test-drive your product or service. They react very well to being trusted to make their decision after some actual hands-on experience.

Also, offer a smooth adoption curve — ask to deploy the product or service in small pieces of the business, in a limited and low-risk manner. Satisfaction could trigger further adoption.

Encourage everyone in the company to make it rain by doing the following:

- **Set goals for specific accounts.**
- **Track leading indicators.**
- **Recognize and reward true achievements.** Don't allow people to submit intentionally low forecasts. Intentions are easy; rainmaking is hard. ■

For additional information on a matrix of blossoming flowers, go to: http://my.summary.com

# Obligation: The Art of Being a Mensch

Your goal should be to achieve menschhood. *Mensch* is the Yiddish term for a person who is ethical, decent and admirable. It is the highest form of praise one can receive from the people whose opinions matter.

Every person and organization exists in the larger context of society. Don't do things that benefit you and your organization to the detriment of the rest of society. Also, if you want to build a truly great, lasting organization, you must set the highest moral and ethical standards for employees. A *mensch* provides a good role model for this.

Being a *mensch* means helping people who cannot help you.

A *mensch* does what is right — not necessarily the easy thing, the expedient thing, the money-saving thing or the thing he or she can get away with.

Finally, a *mensch* pays society back. There are many "currencies" other than money: giving time, expertise and emotional support. A *mensch* joyfully pays back — for goodness already received — and pays forward, with no expectation of return. ■

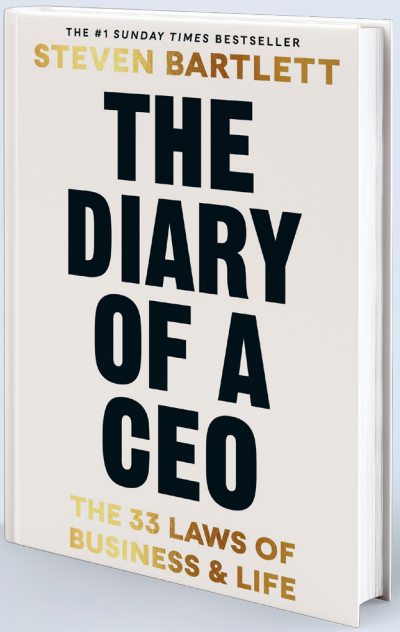
· Book 53 of 67 ·

# The Diary of a CEO

Steven Bartlett

# BOOK SNAPS™

Zooming In On Your Next Read




## The Diary of a CEO

**The 33 Laws of Business and Life**

*By Steven Bartlett*

Steven Bartlett is an entrepreneur, speaker, investor, author, and the host of the UK's No.1 podcast The Diary of a CEO - an unfiltered journey into the remarkable stories and untold dimensions of the world's most influential people, experts and thinkers. Steven is an accomplished investor in the health and wellness space with notable investments including Huel and Zoe, and his other investments focus on blockchain technologies, biotech, space, Web 3, and social media. Known for his innovative and disruptive approach to social media marketing, Steven co-founded Flight Story – a marketing and communications company that works with leading brands. Steven has also co-founded thirdweb - a software platform, backed by Shopify and Coinbase, that makes it easy to build web3 applications.

*A Book Review by Soundview*

# The Secret Sauce to Success

In ***The Diary of a CEO: The 33 Laws of Business and Life***, Steven Bartlett sets out to do exactly what his title suggests: promote and expand upon 33 laws he has discerned and observed that can make anyone more successful in all areas of their life, be it personal or professional. As Bartlett explains, he has "been the CEO, founder, co-founder or board member of four industry-leading companies that collectively – at their peaks – reached a cumulative valuation of more than $1 billion." He uses this experience to help improve the lives of his readers. He separates these laws into four key pillars: The Self, The Story, The Philosophy, and The Team, and uses numerous anecdotes as well as data to defend these laws and to prove their efficacy. While all thirty-three laws are of value and build, in part, upon each other, below are ten laws that encapsulate some of the best he has to offer his readers.

The first pillar Bartlett delves into is The Self, and under the self, he advances nine key laws. The first of which can be said to undergird all the rest of the laws to come, and that is to "fill your buckets in the right order." These buckets refer to a person's knowledge, skills, network, resources, and reputation. While theoretically the last three of these buckets can be taken from a person, the first two cannot, once a person has accumulated knowledge and skills, they are theirs forever. When these first two buckets are filled, they can lead to success in the other three as a person who has both knowledge and skills will be able to build their network and increase their resources, all leading to a stronger reputation. To Barlett, it is important for a person not to skip any of these earlier buckets in order to jump ahead to a later one. As an example, he describes a former employee of his who was given a position in the C-Suite at a company in New York. This job entailed a tremendous jump in both income and responsibility. The employee was offered this job despite having less experience than a person typically would in order to fulfill such a role. Unfortunately for the employee and the company, the company did not survive, illustrating Barlett's point that solid knowledge and skills are crucial for success down the line. As such, people are better served by solidifying their skills and knowledge before moving on to larger responsibilities they may not be ready for yet.

In Barlett's third law he states that "you must never disagree." To illustrate this, he tells the story of his parents' relationship during his childhood. His mother was known to scream at his father for hours at a time, repeating the same ideas over and over again while his father stared at the television, completely ignoring her. This was a tendency that Bartlett brought into his own relationship as an adult. He believes that the health of a relationship is greatly affected by the ways in which a couple handles conflict. He explains a study that proves that people's brains start to freeze when disagreements come into play. Therefore, in order to more easily resolve conflict, people are best served by first finding sources of agreement before trying to change the opinion of another. This will help keep the other person's brain open to new ideas and is crucial in all forms of communication. As Barlett says, "our words should be bridges to comprehension, not barriers to connection."

In his fifth law, Bartlett discusses the concept of leaning out, and he relates this concept to the CEO of a former large chain of brick and mortar music stores. This CEO did not understand digital music and believed that it would never take off. The world of music today proves his error. Other people, he explains, had similar reactions to the internet, the automobile, and iPhones. Bartlett says that this leaning out is about refusing to listen to new ideas because a person is so sure that their own ideas are right. While this is an arrogant move, Bartlett also explains that it is often a very human move. Part of this is because of the concept of cognitive dissonance which explains how people feel uncomfortable with information that contradicts what they already believe, leading them to possibly ignore such information. Bartlett explains the world will start to experience unprecedented change in the coming years and decades, and this will necessarily increase people's levels of cognitive dissonance. Because of the rate of change in the world and because of people's tendency to lean out, Bartlett urges his readers to lean in and learn more whenever they feel stupid or do not understand something. He says, "leaning out will leave you behind."

Bartlett's second pillar deals with the stories people tell. His tenth law states that "useless absurdity will define you more than useful practicalities." To exemplify this law, he turns to the car company, Tesla. He explains that Tesla is a bestselling luxury car company despite having no advertising budget. The company manages to achieve this by including absurd features in their cars. This absurdity leads people to talk. Examples of some of these absurd features are Caraoke [car-ee-oh-kee instead of karaoke] which converts a "car into a karaoke machine" and a defense mode that defends passengers from bioweapons. Some features are referred to as Easter eggs that owners have to find for themselves. People only talk, write, and share about what is new and unique, so these absurd features provide communicators with plenty to share about. Unfortunately, many companies shy away from absurd features because they want everything to be measurable, and absurdity is hard to measure. He concludes this chapter by saying, "you'll be known for the most absurd things you do."

Going along with his tenth law, Bartlett's eleventh law urges his readers to "avoid wallpaper at all costs." He explains the concept of habituation which is a neurological device that encourages people to focus only on the things that matter. People can become sensitized to almost anything. Elie Wiesel, author and Holocaust survivor, once explained that when people spent enough time in the camps, they became desensitized to the danger and the horrific sensory experiences they were constantly exposed to. Habituation can occur in far less dire circumstances as well. As Barlett explains, people are able to ignore a low hum in a room after just a few minutes. This process of habituation is helpful to humans because it aids in survival, allowing people to only focus on the most important details.

Bartlett moves on to discuss semantic satiation which is a type of habituation in which a person will fail to understand a word's meaning temporarily if it is repeated often enough. The brain has heard it so frequently that it knows it can tune it out. While any word can be subject to semantic satiation, certain words take longer to succumb to it. He explains that the word, warning, takes longer for people to become satiated to it because of its strong associations with danger. Marketers and business owners need to be aware of this phenomenon. They need to ensure that their message is heard enough to have an impact but not so much that it becomes wallpaper. To do this, they need to determine "the optimal level of exposure" and work within that level. He explains that when he tried to increase subscriptions to his podcast, he used the often repeated phrase "like and subscribe" with nearly zero results. He realized that this phrase had become so ubiquitous that it was wallpaper, so he changed the wording, and subscriptions soared.

Bartlett has nine laws in his third pillar, The Philosophy. He starts off this section with his nineteenth law, "you must sweat the small stuff." To exemplify this law, he refers to his own podcast, The Diary of a CEO. He explains the tremendous growth and success his podcast has attained, and he credits much of it to his team's incredible attention to detail. One example of this is the research his team does before a guest comes on the show. In order to make the guest more comfortable, they find out what their favorite music is and they then play this in the background, hoping to create a better mood for the guest. Furthermore, they use AI to "test the title, thumbnail and promotion of each podcast episode," and they use AI to translate their podcasts directly into other languages. He believes that his podcast's success can be attributed to the degree to which the team focuses on the small details.

Within Law 19, Bartlett goes on to discuss kaizen [ky-zen]. This is a Japanese word that refers to continuous improvement, and it is espoused by the automobile company, Toyota. Kaizen, he explains, is about taking many small steps rather than large leaps. All members of the company are expected to be making suggestions for change. Some of these changes are small, but they can add up to large benefits especially over time. Kaizen differentiates itself from the underused suggestion boxes ineffectively used at many offices because under kaizen supervisors are tasked with reviewing suggestions and helping employees work on the practical matters associated with their suggestions. Employees are expected to come up with an idea a month, and these cannot be mere complaints

> . . . a company should foster a sense of belonging, a shared mission, an inspirational leader, and a mentality of 'us' versus 'them.'"

but must be solution-focused. Furthermore, the person who comes up with the idea is the one responsible for implementing it. Bartlett concludes this chapter by writing, "While our competitors think consistency or big wins are the paths to the podium, I know – without a shadow of a doubt – the correct route is to be found by making consistently small improvements, sweating the smallest stuff, and fighting for tiny gains."

In his final pillar, The Team, Bartlett lays out his last six laws. In his twenty-ninth law, Bartlett urges his reader to "create a cult mentality." While Bartlett maintains the ruthless nature of actual cults and believes that, unlike true cults, businesses need people who can think for themselves, he believes that a cult-like commitment to the cause is crucial. He quotes Peter Thiel, co-founder of PayPal, who said, "The start-up uniform [San Francisco workers who wear their work logos on their shirts] encapsulates a simple but essential principal: everyone at your company should be different in the same way - a tribe of like-minded people fiercely devoted to the company's mission." Bartlett explains that such powerhouses as Facebook and Apple started with a group of incredibly focused individuals working for the company's mission.

Bartlett believes that one of the most important decisions people in a start-up need to make are who their first ten hires will be. This is because they each represent 10% of the company's culture, and as such, they can "irreversibly define your company." While the original cult mentality will inevitably shift, in order to create this mentality at the outset, a company should foster a sense of belonging, a shared mission, an inspirational leader, and a mentality of "us" versus "them."

In Barlett's thirty-second law, he states, "you must be an inconsistent leader." To exemplify this idea, he discusses Manchester United. He explains that despite having an amazing first half, the team's manager, Ferguson, came in and criticized one of their best players in front of the rest of the team, leaving the player confused. The next day, the manager explained to this player that he knew that by criticizing him, the other players would receive that criticism and step up their own game. He knew that this particular player could handle the criticism, so he focused it on him.

Other players are quoted as saying Ferguson was hard on people but knew how to get them to play their best. He is said to understand what his players need and to be able to give them that. Numerous players felt they were treated differently than others, and this is a good thing. This plays into Barlett's idea that leaders need to be inconsistent in the sense that they are adaptable and can be what their people need them to be. People, he maintains, are emotional beings and he says, "for us as leaders, to become the complementary puzzle piece for each member of our team, we must be as inconsistent, emotionally variable and fluctuating as the people in our teams are.

Bartlett's thirty-third law is not contained within his book. Rather this law brings the reader to a website where the reader has to input their email address in order to get a video explaining the thirty-third law. This law builds on previous ones regarding the importance of knowledge and continuous improvement. Through the email address provided, Bartlett tells his reader that every month, he will send the reader a new law to help them in their continuous process of learning and growth.

Steven Bartlett believes in direct communication as he believes that people ought to express themselves in as few words as necessary but with enough detail to get their point across. In his book, The Diary of a CEO: The 33 Laws of Business and Life, he opts for this clarity by breaking down his laws into four cohesive pillars and then providing within each pillar each law as well as a thorough explanation, usually through exemplification, of how he has seen it play out in the real world. Bartlett relies on psychology and experimental science when necessary, providing both facts and anecdotes to support his points. True to his intention, the laws in his book can be applied to any leader of any group, either personal, professional, or within the community, and the laws can help a person advance in all three of these areas.

*Book Snaps*™ is a publication of Soundview Executive Book Summaries®. Copyright © 2024 Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. For permissions and reprints, please contact service@summary.com. FBR0124A

· Book 54 of 67 ·

# The Hard Thing About Hard Things

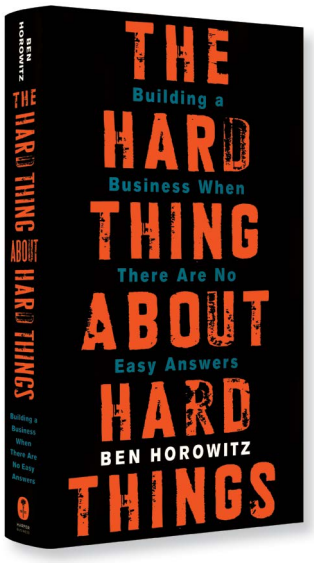
Soundview Executive Book Summaries

soundview
Executive Book Summaries®



# The Hard Thing About Hard Things

## Building a Business When There Are No Easy Answers




by Ben Horowitz

### THE SUMMARY IN BRIEF

While many people talk about how great it is to start a business, very few are honest about how difficult it is to run one. In *The Hard Thing About Hard Things*, Ben Horowitz, cofounder of Andreessen Horowitz and one of Silicon Valley's most respected and experienced entrepreneurs, offers essential advice on building and running a startup — practical wisdom for managing the toughest problems business school doesn't cover, based on his popular "Ben's Blog."

Horowitz analyzes the problems that confront leaders every day, sharing the insights he's gained developing, managing, selling, buying, investing in and supervising technology companies. He also amplifies business lessons by telling it straight about everything from firing friends to poaching competitors, cultivating and sustaining a CEO mentality to knowing the right time to cash in.

Filled with Horowitz's trademark humor and straight talk and drawing from his personal and often humbling experiences, *The Hard Thing About Hard Things* is invaluable for veteran entrepreneurs as well as those aspiring to their own new ventures.

### IN THIS SUMMARY, YOU WILL LEARN:

- Techniques for navigating the struggle of being a leader.
- The right way to hire and the right way to lay people off.
- Why you should take care of the people, the products and the profits, in that order.
- How to lead even when you don't know where you're going.

### CONTENTS

**When Things Fall Apart**
Page 2

**CEOs Should Tell It Like It Is**
Page 3

**Hiring Executives**
Page 5

**When Smart People Are Bad Employees**
Page 6

**Programming Your Culture**
Page 7

**Don't Punk Out and Don't Quit**
Page 8

Published by Soundview Executive Book Summaries®, 511 School House Rd., Suite 300, Kennett Square, PA 19348 USA
© 2015 Soundview, Inc. • All rights reserved. Reproduction in whole or part is prohibited. • www.summary.com
Vol. 37, No. 8 (3 parts), Part 3, August 2015 • Order #37BS08

# THE COMPLETE SUMMARY: **THE HARD THING ABOUT HARD THINGS**

**by Ben Horowitz**

**The author:** Ben Horowitz is the cofounder and general partner of Andreessen Horowitz, a Silicon Valley-based venture capital firm that invests in entrepreneurs building the next generation of leading technology companies. The firm's investments include Airbnb, GitHub, Facebook, Pinterest and Twitter.

*The Hard Thing About Hard Things: Building A Business When There are No Easy Answers* by Ben Horowitz. Copyright 2014 by Ben Horowitz. Summarized by permission of the publisher, HarperBusiness. 304 pages, $29.99, ISBN 978-0-06-227320-8. To purchase this book go to www.amazon.com or www.bn.com. Summary Copyright © 2014 by Soundview Executive Book Summaries®. www.summary.com, 1-800-SUMMARY. For additional information on the author, follow him on Twitter @bhorowitz, or read his blog at www.bhorowitz.com.

## Introduction

Every time I read a management or self-help book, I find myself saying, "That's fine, but that wasn't really the hard thing about the situation." The hard thing isn't setting a big, hairy, audacious goal. The hard thing is laying people off when you miss the big goal. The hard thing isn't hiring great people. The hard thing is when those "great people" develop a sense of entitlement and start demanding unreasonable things. The hard thing isn't dreaming big. The hard thing is waking up in the middle of the night in a cold sweat when the dream turns into a nightmare.

The problem with those books is that they attempt to provide a recipe for challenges that have no recipes. There's no recipe for really complicated dynamic situations. There's no recipe for building a high-tech company; there's no recipe for leading a group of people out of trouble; there's no recipe for running for president; and there's no recipe for motivating teams when your business has turned to crap. That's the hard thing about hard things — there is no formula for dealing with them.

Nonetheless, there are many bits of advice and experience that can help with the hard things.

## When Things Fall Apart

People always ask, "What's the secret to being a successful CEO?" Sadly, there is no secret, but if there is one skill that stands out, it's the ability to focus and make the best move when there are no good moves. It's the moments where you feel most like hiding or dying that you can make the biggest difference as a CEO.

### The Struggle

Every entrepreneur starts a company with a clear vision for success. You will create an amazing environment and hire the smartest people to join you. Together you will build a beautiful product that delights customers and makes the world just a little bit better. It's going to be absolutely awesome.

Then, after working night and day to make your vision a reality, you wake up to find that things did not go as planned. Your company did not unfold like you planned. Your product has issues that will be very hard to fix. The market isn't quite where it was supposed to be. Your employees are losing confidence, and some of them have quit. Where did you go wrong?

As your dreams turn into nightmares, you find yourself in *the Struggle*. The Struggle is when you wonder why you started the company in the first place. The Struggle is when people ask you why you don't quit, and you don't know the answer. The Struggle is when your employees think you are lying, and you think they may be right. The Struggle is when you know that you are in over your head, and you know that you cannot be replaced. The Struggle is not failure, but it causes failure. Especially if you are weak.

The Struggle is where greatness comes from.

There is no answer to the Struggle, but here are some things that might help:

**Don't put it all on your shoulders.** You won't be able to share every burden, but share every burden that you can. Get the maximum number of brains on the problems even if the problems represent existential threats.

**This is not checkers; this is chess.** Technology businesses tend to be extremely complex. The underlying

soundview™ 1-800-SUMMARY service@summary.com

**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 511 School House Road, Suite 300, Kennett Square, PA 19348 USA. Published monthly. Subscriptions starting at $99 per year. Copyright © 2015 by Soundview, Inc. **Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Ashleigh Imus**, Senior Editor; **Amanda Langen**, Graphic Designer; **Beth Van Woert**, Contributing Editor

technology moves, the competition moves, the market moves, the people move. As a result, there is always a move.

**Play long enough and you might get lucky.** In the technology game, tomorrow looks nothing like today. If you survive long enough to see tomorrow, it may bring you the answer that seems so impossible today.

**Don't take it personally.** The predicament that you are in is probably all your fault. You hired the people. You made the decisions. But evaluating yourself and giving yourself an F doesn't help.

**Remember that this is what separates the women from the girls.** If you want to be great, this is the challenge. If you don't want to be great, then you never should have started a company.

## CEOs Should Tell It Like It Is

As the highest-ranking person in the company, you think that you are best able to handle bad news. The opposite is true; nobody takes bad news harder than you. If things go horribly wrong, others can walk away, but you can't. As a consequence, employees handle losses much better.

There are three key reasons why being transparent about your company's problems makes sense:

**Trust.** Without trust, communication breaks. As a company grows, communication becomes its biggest challenge. Telling things as they are is a critical part of building this trust. A CEO's ability to build this trust over time is often the difference between companies that execute well and companies that are chaotic.

**The more brains working on the hard problems, the better.** In order to build a great technology company, you have to hire lots of incredibly smart people. It's a total waste to have lots of big brains but not let them work on your biggest problems.

**A good culture is like the old RIP routing protocol: Bad news travels fast; good news travels slow.** If you investigate companies that have failed, you will find that many employees knew about the fatal issues long before those issues killed the company. Too often the company culture discouraged the spread of bad news, so the knowledge lay dormant until it was too late to act.

If you run a company, you will experience overwhelming psychological pressure to be overly positive. Stand up to the pressure, face your fear and tell it like it is.

## The Right Way to Lay People Off

How can you do something that's fundamentally wrong in "the right way"?

**Step 1: Get Your Head Right.** When a company fails to hit its financial plan so severely that it must fire the employees it went to great time and expense to hire, it weighs heavily on the chief executive. During a time like this, it is difficult to focus on the future, because the past overwhelms you — but that's exactly what you must do.

**Step 2: Don't Delay.** Once you decide that you will have to lay people off, the time elapsed between making that decision and executing that decision should be as short as possible. If word leaks (which it will inevitably if you delay), then you will be faced with an additional set of issues. Employees will question managers and ask whether a layoff is coming. If the managers don't know, they will look stupid. If the managers do know, they will either have to lie to their employees, contribute to the leak or remain silent, which will create additional agitation.

**Step 3: Be Clear in Your Own Mind About Why You are Laying People Off.** You are laying people off because the company failed to hit its plan. If individual performance were the only issue, then you'd be taking a different measure. This distinction is critical, because the message to the company and the laid-off individuals should not be "This is great, we are cleaning up performance." The message must be "The company failed and in order to move forward, we will have to lose some excellent people."

**Step 4: Train Your Managers.** The most important step in the whole exercise is training the management team. Training starts with a golden rule: Managers must lay off their own people. Why? Because people won't remember every day they worked for your company, but they will surely remember the day you laid them off. They will remember every last detail. The reputations of your company and your managers depend on you standing tall, facing the employees who trusted you and worked hard for you.

**Step 5: Address the Entire Company.** Prior to executing the layoff, the CEO must address the company. The CEO must deliver the overall message that provides the proper context and air cover for the managers. Keep in mind what former Intuit CEO Bill Campbell said — The message is for the people who are staying. The people who stay will care deeply about how you treat their colleagues.

**Step 6: Be Visible, Be Present.** After you make the speech telling your company that you will be letting many of them go, you will not feel like hanging out and talking to people. You will probably feel like going to a bar and drinking a fifth of tequila. Do not do this. Be present. Be visible. People want to see you. They want to see whether you care. Talk to people. Let them know that you appreciate their efforts.

### Preparing to Fire an Executive

When you recruit an executive, you paint a beautiful picture of her future in your company. You describe in great depth and in vibrant color how awesome it will be for her to accept your offer and how much better it will be than joining that other company. Then one day you realize you must fire her. The key to correctly firing an executive is preparation. Here is a four-step process that will treat the executive fairly and improve your company.

**Step 1: Root Cause Analysis.** At this level, almost every company screens for the proper skill set, motivation and track record. Therefore, the first step to properly firing an executive is figuring out why you hired the wrong person for your company. You may have blown it for a variety of reasons:

- You did a poor job defining the position in the first place.
- You hired for lack of weakness rather than for strengths.
- You hired for scale too soon.
- You hired for the generic position.
- The executive had the wrong kind of ambition.
- You failed to integrate the executive.

Once you identify the problem, then you create the basis for the next steps.

**Step 2: Informing the Board.** You should have three goals with the board:

**Get their support and understanding for the difficult task that you will execute.** You should start by making sure that they understand the root cause and your plan to remedy the situation. This will give them confidence in your ability to hire and manage outside executives in the future.

**Get their input and approval for the separation package.** This will be critical for the next step. Executive packages are larger than regular severance packages and rightly so. It takes about ten times longer for an executive to find a new job than it does for an individual contributor.

**Preserve the reputation of the fired executive.** The failure was very likely a team effort, and it's best to portray it that way. You don't make yourself look good by trashing someone who worked for you. A mature approach to this issue will help keep the board confident in your ability to be CEO. It is also the fair and decent thing to do.

**Step 3: Preparing for the Conversation.** After you know what went wrong and have informed the board, you should tell the executive as quickly as possible. Three keys to getting it right:

1. **Be clear on the reasons.** You have thought about this long and hard; don't equivocate or sugarcoat it. You owe it to them to be clear about what you think happened.
2. **Use decisive language.** Do not leave the discussion open-ended. This is not a performance review; it's a firing. Use words and phrases like "I have decided" rather than "I think."
3. **Have the severance package approved and ready.** Once the executive hears the news, she will stop caring about the company and its issues; she will be highly focused on herself and her family. Be ready to provide specific details of the package.

Finally, the executive will be keenly interested in how the news will be communicated to the company and to the outside world. It is best to let her decide.

**Step 4: Preparing the Company Communication.** After you have informed the executive, you must quickly update the company and your staff on the change. The correct order for informing the company is (1) the executive's direct reports — because they will be most impacted; (2) the other members of your staff — because they will need to answer questions about it; and (3) the rest of the company. All of these communications should happen on the same day and preferably within a couple of hours.

When you update the company, you might worry about employees misinterpreting the news and thinking the company is in trouble. Do not try to maneuver around such a reaction. When you expect your employees to act like adults, they generally do.

Every CEO likes to say she runs a great company. It's hard to tell whether the claim is true until the company or the CEO has to do something really difficult. Firing an executive is a good test.

## Take Care of the People, the Products and the Profits, in That Order

My old boss Jim Barksdale was fond of saying, "We take care of the people, the products and the profits — in that order." It's a simple saying, but it's deep. "Taking care of the people" is the most difficult of the three by far, and if you don't do it, the other two won't matter. Taking care of the people means that your company is a good place to work. As organizations grow large, important work can go unnoticed, the hardest workers can get passed over by the best politicians, and bureaucratic processes can choke out the creativity and remove all the joy.

## A Good Place to Work

When things go well, the reasons to stay at a company are many:

- Your career path is wide open because as the company grows, lots of interesting jobs naturally open up.
- Your friends and family think you are a genius for choosing to work at the "it" company before anyone else knew it was "it."
- Your resume gets stronger by working at a blue-chip company in its heyday.
- Oh, and you are getting rich.

When things go poorly, all those reasons become reasons to leave. In fact, the only thing that keeps an employee at a company when things go horribly wrong — other than needing a job — is that she likes her job.

Things always go wrong. There has never been a company in the history of the world that had a monotonously increasing stock price. In bad companies, when the economics disappear, so do the employees. Being a good company doesn't matter when things go well, but it can be the difference between life and death when things go wrong. If you do nothing else, build a good company.

## Why Startups Should Train Their People

Almost everyone who builds a technology company knows that people are the most important asset. Properly run startups place a great deal of emphasis on recruiting and the interview process in order to build their talent base. Too often the investment in people stops there. There are four core reasons why you should train your people: productivity, performance management, product quality and employee retention.

What should you do first? The best place to start is with the topic that is most relevant to your employees: the knowledge and skill that they need to do their job. I call this functional training. Functional training can be as simple as training a new employee on your expectations for them and as complex as a multi-week engineering boot camp to bring new recruits completely up to speed on all of the historical architectural nuances of your product. The training courses should be tailored to the specific job.

The other essential component is management training. Management training is the best place to start setting expectations for your management team. Do you expect them to hold regular one-on-one meetings with their employees? Do you expect them to give performance feedback? Do you expect them to train their people? Do you expect them to agree on objectives with their team? If you do, then you'd better tell them. Once you've set expectations, the next set of management courses teach your managers how to do the things you expect (how to write a performance review or how to conduct a one-on-one).

Once you have management training and functional training in place, there are other opportunities as well. Take your best people, and encourage them to share their most developed skills. Training in such topics as negotiating, interviewing and finance will enhance your company's competency in those areas as well as improve employee morale.

Ironically, the biggest obstacle to putting a training program in place is the perception that it will take too much time. Keep in mind that there is no investment that you can make that will do more to improve productivity in your company. Therefore, being too busy to train is the moral equivalent of being too hungry to eat.

## Hiring Executives: If You've Never Done the Job, How Do You Hire Somebody Good?

The biggest difference between being a great functional manger and being a great general manager — particularly a great CEO — is that as a general manager, you must hire and manage people who are far more competent at their jobs than you would be at their jobs. In fact, often you will have to hire and manage people to do jobs that you have never done. So, with no experience, how do you hire someone good?

**Step 1: Know What You Want.** First, resist the temptation to educate yourself simply by interviewing candidates. The very best way to know what you want is to act in the role. Not just in title, but in real action. In my career, I've been acting VP of HR, CFO and VP of sales. Often CEOs resist acting in functional roles, because they worry that they lack the appropriate knowledge. This worry is precisely why you should act — to get the appropriate knowledge that you need to make the hire, because you are looking for the right executive for your company today, not a generic executive.

It also helps to bring in domain experts. If you know a great head of sales, interview them first, and learn what they think made them great. Figure out which of those strengths most directly match the needs of your company.

Finally, be clear in your own mind about your expectations for this person upon joining your company. What will this person do in the first 30 days? What do you expect their motivation to be for joining? Do you want them to build a large organization right away or hire only one or two people over the next year?

**Step 2: Run a Process That Figures Out the Right Match.** In order to find the right executive, you must take

the knowledge that you have gathered and translate it into a process that yields the right candidate.

- Write down the strengths you want and the weaknesses that you are willing to tolerate.
- Develop questions that test for the criteria.
- Assemble the interview team.
- Backdoor and front-door references. For final candidates, it's critically important that the CEO conduct the reference checks herself. (Backdoor references are checks from people who know the candidate but were not referred by the candidate.)

**Step 3: Make a Lonely Decision.** Despite many people being involved in the process, the ultimate decision should be made solo. Only the CEO has comprehensive knowledge of the criteria, the rationale for the criteria, all the feedback from interviewers and references, and the relative importance of the various stakeholders. Consensus decisions about executives almost always sway the process away from strength and toward lack of weakness.

## Concerning the Going Concern

As a company grows, it will change. No matter how well you set your culture, keep your spirit or slow-roll your growth, your company won't be the same when it's 1,000 people as it was when it was 10 people. But that doesn't mean that it can't be a good company when it reaches 10,000 or even 100,000 employees. It will just be different. Making it good at scale means admitting that it must be different and embracing the changes that you'll need to make to keep things from falling apart.

### Titles and Promotions

Why do all organizations eventually create job titles, and what is the proper way to manage them? There are two important factors:

**Employees want them.** While you may plan to work at your company forever, at least some of your employees need to plan for life after your company. When your head of sales interviews for her next job, she won't want to say that despite the fact that she ran a global sales force with hundreds of employees, her title was "Dude."

**Eventually people need to know who is who.** As companies grow, everybody won't know everybody else. Importantly, employees won't know what each person does and whom they should work with to get their jobs done. Job titles provide an excellent shorthand for describing roles in the company. In addition, customers and business partners can also make use of this shorthand to figure out how to best work with your company.

### Andreessen vs. Zuckerberg: How big should the titles be?

Marc Andreessen argues that people ask for many things from a company: salary, bonus, stock options, span of control and titles. Of those, title is by far the cheapest, so it makes sense to give the highest titles possible. If it makes people feel better, let them feel better. Titles cost nothing.

At Facebook, by contrast, Mark Zuckerberg purposely deploys titles that are significantly lower than the industry standard, to guarantee that every new employee gets re-leveled as they enter his company. In this way, he avoids accidentally giving new employees higher titles and positions than better-performing existing employees. He also wants titles to be meaningful and reflect who has influence in the organization. As a company grows quickly, it's important to provide organizational clarity wherever possible, and that gets more difficult if there are 50 VPs and 10 Chiefs.

In either scenario, you should still run a highly disciplined internal leveling and promotion process.

### When Smart People Are Bad Employees

In business, intelligence is always a critical element in any employee, because what we do is difficult and complex, and the competitors are filled with extremely smart people. However, intelligence is not the only important quality. Being effective in a company also means working hard, being reliable and being an excellent member of the team. Here are three examples of the smartest people in the company being the worst employees:

**The Heretic:** No large organization achieves perfection. As a result, a company needs lots of smart, super-engaged employees who can identify its particular weaknesses and help it improve them. However, sometimes a really smart employee develops an agenda other than improving the company. Rather than identifying weaknesses so that he can fix them, he looks for faults to build his case. The smarter the employee, the more destructive this type of behavior can be. Often, it's very difficult to turn these kinds of cases around.

**The Flake:** Some brilliant people can be totally unreliable. Flaky behavior often has a seriously problematic root cause. Causes range from self-destructive streaks to drug habits to moonlighting for other employers. A company is a team effort, and no matter how high an employee's potential, you cannot get value from him unless he does his work in a manner in which he can be relied upon.

**The Jerk:** This particular smart-bad-employee type can occur anywhere in the organization but is most destructive at the executive level. When used consistently, asinine behavior can be crippling. As a company grows, its biggest challenge always becomes communication. Keeping a huge number of people on the same page executing the same goals is never easy. If a member of your staff is a raging jerk, it may be impossible.

The great football coach John Madden was once asked whether he would tolerate a player like Terrell Owens on his team. Owens was both one of the most talented players in the game and one of the biggest jerks. Madden answered, "If you hold the bus for everyone on the team, then you'll be so late you'll miss the game, so you can't do that. The bus must leave on time. However, sometimes you'll have a player that's so good that you hold the bus for him, but only him."

You may find yourself with an employee who fits one of the descriptions but nonetheless makes a massive positive contribution to the company. You may decide that you will personally mitigate the employee's negative attributes and keep her from polluting the overall company culture. That's fine, but remember: You can only hold the bus for her.

## One-on-One

Perhaps the CEO's most important operational responsibility is designing and implementing the communication architecture for her company. While it is quite possible to design a great communication architecture without one-on-one meetings, in most cases one-on-ones provide an excellent mechanism for information and ideas to flow up the organization and should be part of your design.

The key to a good one-on-one meeting is the understanding that it is the employee's meeting rather than the manager's meeting. This is a free-form meeting for all the pressing issues, brilliant ideas and chronic frustration that do not fit neatly into status reports, email and other less personal and intimate mechanisms. If you like structured agendas, then the employee should set the agenda and send it to you in advance.

During the meeting, since it's the employee's meeting, the manager should do 10 percent of the talking and 90 percent of the listening.

While it's not the manager's job to set the agenda or do the talking, the manager should try to draw the key issues out of the employee. The more introverted the employee, the more important this becomes.

Some questions that are very effective in one-on-ones:

- What's the number-one problem with our organization? Why?
- What's not fun about working here?
- What don't you like about the product?

## Programming Your Culture

When I refer to company culture, I am writing about designing a way of working that will distinguish you from competitors; ensure that critical operating values persist, such as delighting customers or making beautiful products; and help you identify employees who fit with your mission.

When you start implementing your culture, keep in mind that most of what will be retrospectively referred to as your company's culture will not have been designed into the system but rather will have evolved over time based on your behavior and the behavior of your early employees. As a result, you will want to focus on a small number of cultural design points that will influence a large number of behaviors over a long period of time.

You needn't think hard about how you can make your company seem bizarre to outsiders. However, you do need to think about how you can be provocative enough to change what people do every day. Ideally, a cultural design point will be trivial to implement but have far-reaching behavioral consequences. Key to this kind of mechanism is shock value.

For example, very early on, Jeff Bezos, founder and CEO of Amazon.com, envisioned a company that made money by delivering value *to* rather than extracting value *from* its customers. In order to do that, he wanted to be both the price leader and customer service leader for the long run.

Jeff decided to build frugality into his culture with an incredibly simple mechanism: All desks at Amazon.com for all time would be built by buying cheap doors from Home Depot and nailing legs to them. When a shocked new employee asks why she must work on a makeshift desk, the answer comes back with withering consistency: "We look for every opportunity to save money so that we can deliver the best products for the lowest cost." If you don't like sitting at a door, then you won't last long at Amazon.

Prior to figuring out the exact form of your company's shock therapy, be sure that your mechanism agrees with your values. For example, Jack Dorsey will never make his own desks out of doors at Square because at Square, beautiful design trumps frugality. When you walk into Square, you can feel how seriously they take design.

## How to Lead Even When You Don't Know Where You Are Going

By far the most difficult skill I learned as CEO was the ability to manage my own psychology. This is the most personal and important battle that any CEO will face.

The first problem is that everybody learns to be a CEO by being a CEO. No training as a manager, general manager or in any other job actually prepares you to run a company.

Even if you know what you are doing, things go wrong. Things go wrong because building a multifaceted human organization to compete and win in a dynamic, highly competitive market turns out to be really hard.

If you manage a team of 10 people, it's quite possible to do so with very few mistakes or bad behaviors. If you manage an organization of 1,000 people, it is quite impossible. At a certain size, your company will do things that are so bad that you never imagined that you'd be associated with that kind of incompetence. Seeing people fritter away money, waste each other's time and do sloppy work can make you feel bad. If you are the CEO, it may well make you sick.

And to rub salt into the wound and make matters worse, it's your fault.

Given this stress, CEOs often make one of the following two mistakes: They take every issue incredibly seriously and personally and urgently move to fix it. Or, they do not take things personally enough and take the attitude of "It's not so bad."

Ideally, the CEO will be urgent yet not insane. She will move aggressively and decisively without feeling emotionally culpable. If she can separate the importance of the issues from how she feels about them, she will avoid demonizing her employees or herself.

### Techniques to Calm Your Nerves

The problem with psychology is that everybody's is different. With that as a caveat, here are a few techniques that may be useful:

**Make some friends.** Although it's nearly impossible to get high-quality advice on the tough decisions that you make, it is extremely useful from a psychological perspective to talk to people who have been through similarly challenging decisions.

**Get it out of your head and onto paper.** The process of writing a document can separate you from your own psychology and enable you to make a decision swiftly.

**Focus on the road, not the wall.** If you focus on the road, you will follow the road. There are always a thousand things that can go wrong and sink the ship. If you focus too much on them, you will drive yourself nuts and likely crash your company. Focus on where you are going rather than on what you hope to avoid.

### Don't Punk Out and Don't Quit

As CEO, there will be many times when you feel like quitting. Great CEOs face the pain. They deal with the sleepless nights, the cold sweats, and what my friend Alfred Chuang (legendary cofounder and CEO of BEA Systems) calls "the torture."

Whenever I meet a successful CEO, I ask them how they did it. Mediocre CEOs point to their brilliant strategic moves or their initiative, business sense or a variety of other self-congratulatory explanations. The great CEOs tend to be remarkably consistent in their answers. They all say, "I didn't quit."

In life, everybody faces choices between doing what's popular, easy and wrong versus doing what's lonely, difficult and right. These decisions intensify when you run a company, because the consequences get magnified a thousand-fold.

Every time you make the hard, correct decision you become a bit more courageous, and every time you make the easy, wrong decision you become a bit more cowardly. If you are CEO, these choices will lead to a courageous or cowardly company.

Over the past 10 years, technological advances have dramatically lowered the financial bar for starting a new company, but the courage bar for building a great company remains as high as it has ever been.

### RECOMMENDED READING LIST

If you liked *The Hard Thing About Hard Things*, you'll also like:

1. ***Disciplined Entrepreneurship* by Bill Aulet**. Whether you are a first-time or repeat entrepreneur, Bill Aulet offers the tools you need to improve your odds of making a product people want – and need – to buy.

2. ***The Pumpkin Plan* by Mike Michalowicz**. Inspired by an article about how to grow a giant pumpkin, Mike Michalowicz modified the step-by-step approach to grow his business into a multimillion-dollar industry leader.

3. ***Eat People* by Andy Kessler.** Andy Kessler explains how the greatest entrepreneurs overturn entire industries. He offers 12 surprising rules for these radical entrepreneurs.

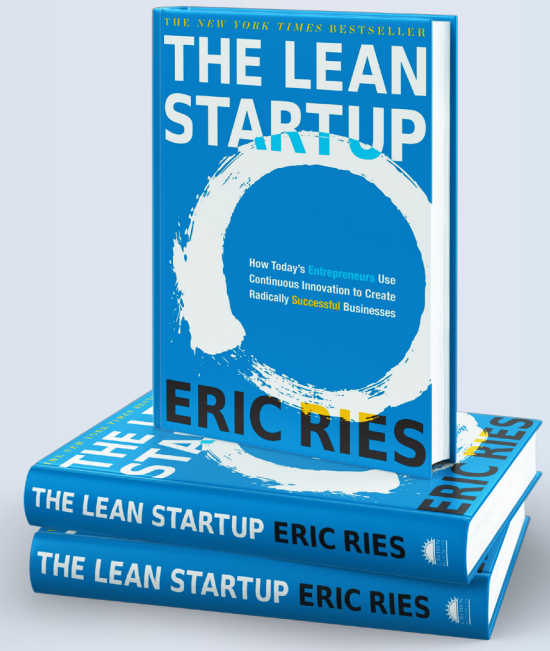
· Book 55 of 67 ·

# The Lean Startup

Eric Ries

# BOOK SNAPS™

Zooming In On Your Next Read




## The Lean Startup

*by Eric Ries*

Eric Ries is an entrepreneur and bestselling author. His *New York Times* bestseller, *The Lean Startup*, has sold over one million copies. The Lean Startup methodology has become a global movement in business, practiced by individuals and companies around the world. This methodology was the inspiration behind his founding of the LTSE and his books *The Leader's Guide* and *The Startup Way*. Eric has founded a number of startups, including IMVU, where he served as CTO, and he has advised on business and product strategy for startups, venture capital firms, and large companies, including GE, with whom he partnered to create the FastWorks program. He has served as an entrepreneur-in-residence at Harvard Business School, IDEO, and Pivotal, and he is the founder and CEO of the Long-Term Stock Exchange. *theleanstartup.com*

Copyright © 2011 by Eric Ries • Crown Business
An imprint of Crown Publishing, Random House Inc.

## Creating Something New Under Uncertain Conditions

Author Eric Ries is on a mission to help startups succeed in launching innovative products. He wrote *The Lean Startup* to help entrepreneurs avoid failure due to falling prey to outdated modes of operation. As he explains, startups fail, badly, all over the world because of two main problems. First, entrepreneurs apply indicators that are only reliable when applied to a stable organization with a long history. Startups are not stable and do not have a history yet. Second, many entrepreneurs and investors turn to chaos when faced with the reality that traditional methods have failed. Figuring that old management methods are a path to failure, the road to success is paved with no management at all. That doesn't work either!

Ries acknowledges that startups are, by their very nature, "disruptive, innovative, and chaotic." He says that startups must be managed if they are ever going to make it past the startup phase into a functioning, profitable company. What's needed is a better way of harnessing the human resources of "passion, energy, and vision" that are brought to fledgling organizations. *The Lean Startup* helps entrepreneurs build upon established development ideas to become continuously innovative. This approach is characterized by very fast product cycles, an emphasis on giving customers what they really want, and implementing a proven method of decision making.

## Vision

In the first part of the book, Ries defines entrepreneur and startup and introduces the idea of "validated learning." When we hear the term entrepreneur, we think of individuals who bring their business ideas to life, working autonomously for themselves. Those traditional startup entrepreneurs are certainly included in Ries' definition of an entrepreneur, but they are not the only ones. Ries finds that there are just as many entrepreneurial visionaries inside corporations. He calls them *intrapreneurs*.

Intrapreneurs are people within even very large companies that are "tasked with creating new ventures or product innovations." They are skilled in setting up autonomous divisions, forming teams, and other organizational processes. They are ready and willing to take bold risks and attempt to find innovative solutions to problems faced by the company.

***Book Snaps™*** is a publication of Soundview Inc. • 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 • © 2020 Soundview, Inc.
All rights reserved. Reproduction in whole or part is prohibited • Sarah Dayton, Editor-in-Chief • Kylie Waytuck, Graphic Designer
Reviewed by Kristen Cudd • Order #FBR0720B

Ries has worked with many such intrapreneurs and he believes they are more like their traditional startup counterparts than most people realize. When Ries uses the term *entrepreneur*, he is referring to these groups collectively. He is referring to "the whole startup ecosystem regardless of company size, sector, or stage of development."

A *startup,* as defined by Ries, is "a human institution designed to create a new product or service under conditions of extreme uncertainty." Why the word institution, which is so often associated with red tape? Startups that make the cut and become successful are bustling with the very activities associated with building an institution. Startups have to hire creative staff, coordinate activities among the staff, and begin the process of creating a company culture that achieves results. Although startups are often associated with the product or tech breakthrough they are bringing to market, they are, at their core, an "acutely human enterprise."

Ries chooses to use the term *product* in the broadest sense of the word to include "any source of value for the people who become customers" of the startup. *Innovation* is given an equally broad understanding. It can mean anything from a scientific discovery to a new business model or untapped market.

When something fails, learning is often cited as the silver lining. Managers seem to think, "at least we will learn from this mistake." However, learning, Ries says, is "cold comfort" to those who have invested time, money, and energy on an innovation. And yet, learning is a vital function of entrepreneurship. Learning enables entrepreneurs to decide which parts of their strategy are working and which are not. Learning what customers want and don't want is essential to providing a product they will purchase. Ries says that learning has to be rehabilitated with an idea called *validated learning*.

Validated learning is "the process of demonstrating empirically that a team has discovered valuable truths about a startup's present and future business prospects." It differs from traditional forecasting and planning in that it is faster, concrete, and more accurate. Ries believes that learning should be focused on discovering what customers want. Learning that is not directly linked to that cause can be eliminated.

Ries calls this validated learning because "it is always demonstrated by positive improvements in the startup's core metrics." With clearly identified metrics, the startup can see "quantitative validation" that they are either on the right path or that they need to change direction. As the entrepreneur gathers more knowledge about their customer and their product, they discover "new experiments to run" that get their metrics ever closer to the goal.

## Steer

In the first part of the book, Ries points out that startup products are essentially experiments. The outcome of those experiments is what startups learn about how to be a successful business.

In part two of the book, he digs into the process that is the core of his Lean Startup model. He teaches entrepreneurs the process of how to build a viable product that can be tested, an accounting system to measure progress, and a decision-making method to guide the way forward.

The differentiating factor between startups that fail and startups that succeed, he notes, is that those who are successful "had the foresight, the ability, and the tools to discover which parts of their plans were working brilliantly and which were misguided." Successful entrepreneurs adapt and change their strategies accordingly. There is a time-tested process that can allow entrepreneurs to do just that.

Ries calls this three-step process the Build-Measure-Learn feedback loop. This feedback loop "applies the scientific method to a startup." The first step in any experiment using the scientific method is to form a hypothesis that can be tested. Ries refers to a startup's riskiest plan elements as "leap-of-faith assumptions." These are related to perceived value and growth potential and everything else rests on their viability.

Once a startup has identified these leap-of-faith assumptions, they can start testing them. Ries says the key is to enter the Build phase as quickly as possible with a "minimum viable product" or MVP. He explains that this is a version of the startup's product that is developed just enough to make it through one cycle of the feedback loop. It allows entrepreneurs to get into the learning phase of product development as quickly as possible. It will lack many of the features that may be added later on, armed with metrics from the loop. This MVP needs to be placed in front of customers to be tested, tried, and measured.

"Build it and they will come" is rarely true. If a startup builds a product that nobody wants, there will be no customers coming along. Progress towards this end must be measured. In this stage of the loop, entrepreneurs are challenged with "determining whether the product development efforts are leading to real progress." Ries recommends using "innovative accounting" to quantify experiment results. Learning milestones are established, and the product is measured against those metrics. This information assesses progress in both an accurate and objective way, which is imperative for the startup itself and for those invested in its success.

Finally, the startup must take all of the information it has learned and decide to stay the course or pivot, making a "major change to a new strategic hypothesis." The Lean Startup method and the feedback loop specifically, help startups get through the process quickly and efficiently. The loop allows startups to pivot sooner if needed, reducing waste in terms of time and money.

## Accelerate

In the book's final section, readers are given techniques that will help them get through the Build-Measure-Learn loop quickly. Further, Lean Startup principles are shown to be applicable to businesses of all sizes and ages, including "inside the world's largest companies."

Ries advises readers to rely on a technique called *small batches* that has long been relied upon in lean manufacturing. The greatest advantage to producing products in small batches is

> **The greatest advantage to producing products in small batches is that it allows the manufacturer, or startup, to identify problems much faster.**

that it allows the manufacturer, or startup, to identify problems much faster. Even though the cost to produce a single unit is higher in small batches versus large, the benefits of quickly identifying and solving problems outweigh those costs. This is especially true for a startup that is trying to get through the feedback loop process in order to hone their product to their customer. Validated learning happens more readily, which gets the startup closer to running smoothly, faster.

Sustainable growth is the next important factor for startups to face. Ries excludes one-time jumps in growth that result from publicity or successful marketing campaigns, focusing instead on growth that is "characterized by one simple rule: New customers come from the actions of past customers." Customers drive a startup's sustainable growth in four primary ways:

1. Word of mouth that results from enthusiastic customers that can't wait to tell others about the startup's product.
2. Customers begin using the product in large numbers leading to so-called viral products.
3. Advertising efforts that are paid for directly from the startup's revenue.
4. Repeat use or purchase from an established customer base.

These four sources of sustainable growth fuel a startup's feedback loop. For this reason, Ries has termed them "engines of growth."

Being adaptive is another important criteria that startups need to possess in order to move through the feedback loop quickly. Any systems or processes that are developed need to be "subject to constant experimentation and revision." This flexibility makes those very systems and processes "more effective and less burdensome over time." Adaptivity builds in checks that prevent the startup from speeding too quickly through the feedback loop. Although there is a constant emphasis on speed to avoid waste, the controls that result from adaptive systems ensure that there is some problem prevention. Although this slows things down a bit, it is just enough to make sure things are moving forward in the right direction, which also reduces waste.

Ries believes that even very large, established companies can be innovative and thus, entrepreneurial. He calls this management philosophy "portfolio thinking." A key component for these startup teams within large organizations are their structural attributes. Those attributes include "scarce but secure resources, independent authority to develop their business, and a personal stake in the outcome." Scarce resources make team members work harder because they have to do more with less. Autonomy allows in-house entrepreneurial teams to be agile and respond quickly to their adaptive learning. If they have to get approvals and sign-offs, the entire feedback loop is slowed down so this kind of oversight should be kept to a bare minimum. Lack of oversight is sometimes scary for organizational leadership. This can be overcome by giving intrapreneurs a personal stake in the outcome. Ries suggests that financial stakes are the most effective. Stock options, bonuses, or other equity options work very well to keep the team engaged, focused, and working. Further, credit should be given where credit is due. If the intrapreneurs are certain that they will be named as the team that brought the product to life, they will be significantly incentivized to stay the course, even with full autonomy.

Ries cautions readers that the old ways of launching products are not simply "devoid of science." They are actually based on "pseudoscience." Countless startups have been launched based on the founder's intuition alone. This vision is imperative and, Ries says, the vital first step in the launch of a product. However, what the startup does next is often the first misstep, leading to catastrophic failure. Oftentimes, entrepreneurs mine their data for evidence that supports that vision. Rather than facing hard facts that things are not working, they find a way to justify what they are doing, continuing on a path that is utterly doomed. Incorporating customer feedback and seeking accountability from external stakeholders disallows the entrepreneur to ignore what is right in front of them. Even when it goes against the entrepreneur's much-admired vision, the feedback loop shows the way to go, with brutal honesty and efficiency.

*The Lean Startup* was published in 2011 and has had a major impact on how startups operate and how students learn about launching innovative products ever since. Ries provides readers with concrete advice that can be put into action in meaningful and immediate ways. His methods that focus on experimentation, starting with an MVP, or minimally viable product, and changing course, or pivoting, when problems with the product are identified, have been incorporated into business school curriculums and talks across the globe. The Lean Startup method is so effective that it sparked what has been called a movement among entrepreneurs, forever making a mark on the way products are launched both by startups and within large corporations.

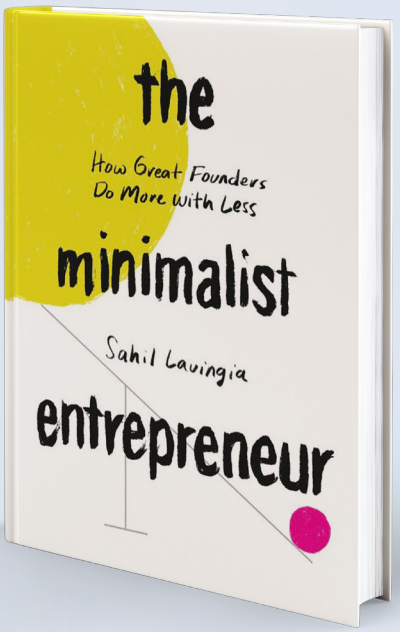
By going lean, startups fail fast instead of investing great sums of time and money in a product that ultimately misses the mark. Reducing the time to learn from mistakes saves a startup money, reduces waste, and puts them on the track for success sooner. Entrepreneurs can dive in with confidence when armed with Ries' time-tested methodology for startup success.

· Book 56 of 67 ·

# The Minimalist Entrepreneur

Sahl Lavingia

BOOK SNAPS™
Zooming In On Your Next Read




## The Minimalist Entrepreneur

By Sahil Lavingia

Sahil Lavingia is the Founder and CEO of Gumroad. Gumroad exists to help every creative earn a living selling the stuff they make directly to their audience. Sahil is also an angel investor, a painter, and a writer. He resides in Beaverton, Oregon.

Copyright © 2021 by Sahil Lavingia • Portfolio

# How Great Founders Do More with Less

Minimalism has swept the world. In a culture that's all about more, more, more, thought leaders and authors who preach the disciplined pursuit of less are finding massive audiences— and for good reason. Science and research show that paring down our lives to their essentials can lead us to feel more joy, fulfillment, and peace than the constant pursuit of more possessions, more achievements, and more status symbols.

But there's one area in which the minimalist approach may seem at odds on the surface— the world of entrepreneurship. After all, an entrepreneur's goal is to create things— to make more, better, stronger, faster in order to attract as large a customer base as possible. Is there really a path for entrepreneurs who want to embrace the minimalist mindset?

In Sahil Lavingia's ***The Minimalist Entrepreneur,*** he advocates for exactly that. Not only does he believe in the idea that entrepreneurs can do more with less, he convincingly argues that the greatest founders in business have been doing exactly that for decades— we've just failed to learn from their approach until now.

Lavingia himself is a minimalist founder. He created Gumroad, a self-publishing digital marketplace platform where users can sell digital services such as books, memberships, courses, and other services online. He built it in a single weekend in 2011, released it, and raised over $1 million in initial seed funding. Soon, Lavingia's creation was partnering with Twitter and raising millions more. Lavingia did it all with a team of one in response to a frustration he had experienced himself— the complexity of trying to sell one's creations online.

Today, Lavingia is an investor, thought leader, and writer who continues to embrace the minimalist entrepreneur's mindset. Along the way, he's developed a core group of principles that he believes can help entrepreneurs everywhere do more with less.

## Start with Community

Interestingly, Lavingia begins his guide to becoming a minimalist entrepreneur with a decidedly un-minimalist concept— finding and joining a community. But while maximalists collect

***Book Snaps™*** is a publication of Soundview Inc. • 225 Wilmington West Chester Pike, #2, Chadds Ford, PA 19317 USA. • © 2022 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited • Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer • Reviewed by Taylor Berrett • Order #FBR0222B

things and possessions, Lavingia believes that minimalists see the value in choosing communities over other resources because of the singular benefit they can provide.

Lavingia recounts the moment when he moved from Silicon Valley to the burgeoning startup culture in Utah's area known as 'Silicon Slopes,' just south of Salt Lake City. Here, Lavingia realized that he wasn't particularly interested in the technical aspects of entrepreneurship— he didn't attend programming conferences or tech meetups. Instead, he found himself a community of creatives, meeting up at coffee shops to write sci-fi concepts and even paint in the open air. He even found a faith-based community of churchgoers that helped him see how the power of community can transcend political or socioeconomic boundaries.

Soon, the more Lavingia discovered people who wanted nothing more than to turn their creative passions into livelihoods, he began to see his life-changing idea take shape. He began to wonder, as others in his community did, why it was so difficult to share and profit from one's own creative ideas over the internet? In a world that connected people instantly across the world, why was there no simple platform for someone to sell their creations to any interested buyer online? This was the beginning of Gumroad. The lesson for readers is that whatever interests you, seek to find a community of people like you who share your interests and let them inspire you. Instead of collecting things as resources, collect perspectives. These will have more value than you can possibly imagine.

## Build as Little as Possible

Lavingia famously released the first version of Gumroad after working on it for just a single weekend. Does that mean that you should rush out a shoddy product before it's ready? Well, in a sense, yes. Lavingia believes in building 'almost nothing,' saying that if you're addressing a true pain point for people, they won't fault you for the simplicity of your early offering. He believes in refining what he calls a manual valuable process— some action that makes life easier for your community or your audience— before worrying about turning it into a minimum viable product. Through this process you'll discover whether you're offering something people actually need and want.

In practice, this looks like a gradual shift from being paid directly for your time to being paid for the outcome you provided, an outcome you've hopefully automated one way or another. Think of it this way. Essentially, this means that before you even worry about creating a 'product,' you should be the product. Offer your services in an area you think there is demand for— in Lavingia's case, it was selling people's creations online. Don't worry about the time demands this requires, at least at first. In this stage, you're establishing demand. Once you've developed a service that's good enough people will pay for it, it's time to start shifting from being paid for your time to being paid for your product, the thing that will complete the service you've been offering faster and more efficiently than ever.

Lavingia also advocates for the fastest possible 'feedback loop' between you and your customers. Basically, the more quickly you can get your product into people's hands, find out what they hate about it, and fix it, the better off you'll be and the more quickly you'll reach a solution people will actually pay for.

## Sell to Your First Hundred Customers

If minimalists are all about giving things up, then there's one thing that Lavingia wants entrepreneurs to give up more than anything— the outdated ideas of a 'launch.' He writes passionately about the way that building up to a magical 'launch day' when the product becomes available to customers with the equivalent of a big shiny banner is a mistake and, in many cases, devastating.

Why? Because a business or product is not an event, it's an ongoing relationship people have with something someone has created that improves their lives. So why do so many entrepreneurs put so much pressure into their launch? Because it feels good! It's exciting! It feels like the culmination of months or years of work, a moment that people can point to and say, "Look, I actually made something!"

But that need for public validation can be damaging. Instead, Lavingia says that your first focus should be selling to your first hundred customers. Forget a big launch date, just get out there and find a hundred people who will buy and use your product. Will they all become lifelong advocates and make you go viral by shouting about your product online? Of course not. There are no overnight successes, no matter what journalists would have us all think. But those first 100 customers are the gateway to more customers, to greater visibility, and to a 'launch' that actually has momentum behind it rather than a fabricated attempt to drum up excitement that doesn't exist. Just ask Quibi, the mobile entertainment streaming app that bought Super Bowl ads, paid millions to celebrity promoters, and planned a massive launch day only to have its day-one subscribers absolutely dwarfed by competitors like Disney Plus. Soon, the company shut down and had to return its $1.8 billion in raised capital back to investors.

Don't be like Quibi, Lavingia says. Just start finding customers, find product-market fit, and find a milestone worth celebrating before you think about your 'launch.' Skip the one-time grand opening and instead focus on the steady journey that comes from selling to your first hundred customers.

## Market by Being You

In this section of *The Minimalist Entrepreneur,* Lavingia hones in on a few of the most powerful (and free) ways to begin building an audience of potential customers. He speaks largely of the power of thought leadership— providing value with your ideas before you convince people that there is also value in your products.

Lavingia even outlines his 'Minimalist Marketing Funnel,' which is a simple but surprisingly effective framework to follow when you're trying to generate customers without investing time. It begins with engagement— you create something that people are interested in and either watch, read, or interact with online. If they get engaged enough by it, they'll become followers. They're

**Educate, inspire, and entertain at every turn and engaged followers will come."**

not quite interested in your product yet, but they're interested in what you and your business have to say. Eventually, they'll start to wonder what your business is all about— and that's when they'll begin researching your product. They may even consider buying it. Some of them, eventually, will turn into customers.

At the top of the funnel is social media activity and SEO-based writing, designed to bring in an audience. Educate, inspire, and entertain at every turn and engaged followers will come. Next comes more direct communication via emails and communities where you engage more directly with followers who have expressed interest in you and your business. Then, finally, comes the phase that's in the customer's hands— when they research your product, consider it, and ultimately buy it (or don't).

## Grow Yourself and Your Business Mindfully

In personal development, mindfulness and minimalism go hand in hand. When we relinquish the attention we pay to things and products, we find ourselves more able to be present and in-the-moment, attuned to the world around us. Can those same principles apply to launching a business as an entrepreneur?

"At this stage," Lavingia says, "the real question is: How can I grow with intent, without jeopardizing the impact I make for my customers or damaging the life I've built? On the surface, it might seem straightforward to stay the course when you start to see results, but slow, sustained growth is its own kind of challenge that requires deliberate, conscious decision making."

It's no secret that many businesses that began with great promise have been taken down with complacency and a lack of mindful decision-making. Whether due to overspending on resources they don't need with money they don't have, hiring too many people too quickly, or devolving into infighting and disagreements, too many companies fail to take deliberate steps to insulate themselves against the most common startup mistakes.

In this regard, Lavingia writes on the importance of 'profitable confidence'— an infinite runway that will maximize your creativity, clarity, and control. Basically, it means spend less than you make— something that's simple in principle but difficult in practice when the sales start coming and the future looks boundless. This is, at its core, what being a minimalist entrepreneur is about. Resist the urge to turn a little early success into a giant office space, a move to Silicon Valley, and 50 new employees before the time is right.

## Build the House You Want to Live In

In the book's final chapter, Lavingia turns his minimalist approach to company culture. After all, he says, a company is made up of people. Does that mean that you should start hiring people as soon as possible? Not so fast. First, you have to make a company that people will actually want to work for. It has to be built on values, not just profits. One mistake that Lavingia highlights as being made by too many startups is that they don't worry about company culture early, because the 'company' is just them and a friend or in many cases just them. They don't think deliberately about the kind of culture they want to create. Then, when they're growing fast and in need of employees, they don't take the time to establish that culture. Before long, their company is growing but developing a reputation as a place no one wants to work at because it's unpleasant, unfocused, and not designed to make the people who work their happy day in and day out.

One of Lavingia's most powerful insights is the idea that entrepreneurs should treat their company like their second product. Their first product was built for customers, the second is built for employees. He says that while building a place where people are happy to work is even more rewarding than building software or technology, it's also much more difficult. His tips in this regard include articulating values early and often, and having difficult conversations with employees early as well— they'll only get harder the longer you wait. Always along the way, ask yourself— Would I want to work at this company if I hadn't created the product it sells myself?

## Conclusion

*The Minimalist Entrepreneur* is the rare business book that contains actionable, detailed guidance on launching a business without getting lost in the weeds of technical business terms and strategies. Lavingia never loses sight of the big picture when delving into the small details, and in fact he helps us all see how those little details in many cases are actually the big picture in hiding.

Vividly written, inspiring, and well-suited to the minimalist esthetic, *The Minimalist Entrepreneur* is an excellent handbook for applying mindfulness and essentialism to the wild world of starting a business.

· Book 57 of 67 ·

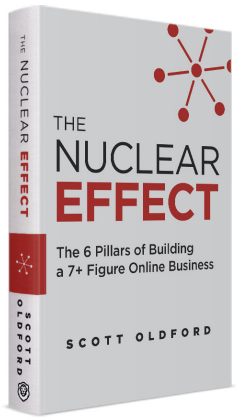
# The Nuclear Effect

Scott Oldford

soundview
Executive Book Summaries®

# The Nuclear Effect

## The 6 Pillars of Building a 7+ Figure Online Business




*by* **Scott Oldford**

## Contents

Introduction
*Page 2*

Starting in a Weird Place
*Page 2*

The Six Pillars of a Multimillion-Dollar Business
*Page 2*

The Six Pillars Explained
*Page 3*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

Scott Oldford knows what it's like to need a business to do well. By 21 he was over $1,000,000 in debt, and didn't have the luxury of being able to slowly wind towards a successful path. That's when he discovered the six pillars he outlines in ***The Nuclear Effect***, and entrepreneurs everywhere can now reap the benefits.

The Nuclear Effect is what comes from following these six pillars, and is the most powerful amplifier of success, freedom, abundance, and impact in the world of entrepreneurship. It has reliably grown many businesses that have learned and implemented its principles, and learning about these principles will bring increased success and happiness to any entrepreneur who embraces them.

By learning and embracing the six pillars of building an online business—marketing & lead generation, sales, product, operations, finances, and mindset—entrepreneurs will be able to go beyond their wildest revenue dreams and create a business that's not only profitable but sustainable through whatever comes next.

## IN THIS SUMMARY, YOU WILL LEARN:

- How the Nuclear Effect can help take your business to $10,000 in revenue a month and far beyond.
- The basics of the six pillars of business success.
- How to implement the six pillars within any entrepreneurial pursuit.
- How to develop a mindset that will supercharge your business.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • January 2021 • Order #43SS01B
Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

Activating the Nuclear Effect, a name for the powerful approach to online business supported by the six pillars found here, will equip you with the ability to thrive in all phases of your business. But it is going to take focus, grit, and a commitment to playing the long game. This book summary will help you unlock exactly what the Nuclear Effect is, how to activate it to power your business' growth, and how to sustain that success over time.

The result will be a meaningful contribution to the happiness and success you experience on your entrepreneurial journey. It can be trying, difficult, and oftentimes lonely to pursue this path, but we keep pursuing it. It's in our blood. We are here to do something significant. It just happens that having a profitable business is our best path to making good on the potential we have within us.

This book will help solve the problems of entrepreneurs so that more entrepreneurs can solve the problems of the world. The more entrepreneurs are able to live in abundance, the more entrepreneurs who are successful, and the more who can live to find their truest why and go after it, the better our world will be.

It's time for the potential inside you to go nuclear so that you can do something truly great, important, and valuable for yourself, others, and the world as a whole.

## Starting in a Weird Place

This book takes readers through a process for upgrading every major pillar of their business, but if you're currently under $10,000 per month in revenue, the absolute priority is upgrading your marketing and sales pillars. If this is you right now, the thing you need more than anything is momentum.

Here's how the author generated the initial cash to pull himself out of significant debt and reached the ability to invest in the right team, tools, and mentorship that helped him reach his current heights.

First, he reached out to every even remotely viable contact he had in email, LinkedIn, and Facebook with the intention of setting up a meeting.

Once they were in conversation, he followed a simple 5-step process.

1. He asked them about where they were and where they wanted to go.
2. He helped them clarify and understand the gap between the two.
3. He showed them the possibility of a better future.
4. He showed them how he could make that possibility a reality.
5. He told them about his situation at the time and why he was motivated to help them.

People hired him for anywhere from one-month to twelve-month contracts, with the total contracts' value reaching around $250,000 in sixty days. He then built a team of contractors and fulfilled on what he had promised.

The caveat? He worked eighteen hours each day for months to fulfill on his promises and put himself in the best position possible, which is not necessarily recommended for everyone.

## The Six Pillars of a Multimillion-Dollar Business

If you are going to grow your business, it's important that you expand out from a stable base and foundation. There are way too many unknown risks and unforeseen potential pitfalls in the game of business to gamble on growth before you're ready for it. In fact, if you don't have the proper foundation, then growth is only going to make your existing problems even worse.

If you scale a business without the right foundation, you're going to scale a broken system, which will always fail at some point. If you scale a loss, you'll only lose more.

It's never too early in a business to get a clear picture of how you want your business to be this time next year (or next quarter or what it needs to look like in order to be able to sell it). And no matter how big your business is or how much previous success you've enjoyed, there is always another level to the game—whether it's a revenue goal or upgrading your relationship to the business so that it better serves you and your life. There is always value in spending time to get clear on precisely where you want to go.

Set your target, decide that you will make it your reality, and then make it real through your commitment to action over time.

## The Six Pillars Explained

Ready for a summary of the six pillars of a successful online business? Here's a summary of each.

***Pillar 1: Marketing and Lead Generation***

Successful marketing that consistently generates qualified leads is the lifeblood of your business. It's a massive part of what the Nuclear Effect is, and without you'll always come up short (while adding a lot of stress).

***Pillar 2: Sales***

While it's great to be able to attract a growing stream of qualified leads to your business, you're ultimately wasting the fruits of your marketing efforts if you aren't powerfully and consistently enrolling them in your product, service, program, or event. There is nothing worse than squandering the opportunity to solve a painful problem for someone—and getting paid well to do it.

***Pillar 3: Product***

In order to really thrive, your business needs a product that delivers a ton of value in a systematic way for your clients. That means your business is creating powerful results for people without relying so much on you to deliver those results.

***Pillar 4: Operations and Team***

Solid operations are the thing that will allow you to truly scale your business. Even if you had an endless line of people beating a path to your door trying to hurl their credit cards at you to buy your product, your business would break from trying to take on more clients than its operational capacity could handle.

***Pillar 5: Finances***

Finance can be a pretty taboo subject for a lot of entrepreneurs. But businesses die for three main reasons— not making enough sales, trying to grow too fast, or poor financial planning and management. As an entrepreneur, you don't need a CFO level understanding of finance, but there are a small handful of key things to know that will help you consistently make intelligent financial decisions.

***Pillar 6: Mindset***

We entrepreneurs have a powerful ability to create. And the direction you have your thoughts, vision, and mindset pointed toward inevitably shows up in the actions you take and creates the results, the business, and the life you are currently experiencing. Because of that, mindset is truly the most important of the six pillars in building a thriving business.

### Pillar #1: Marketing and Lead Generation

The Relevancy, Omnipresence, and Intimacy Marketing & Sales Method is all about making yourself relevant in the market, making yourself constantly present everywhere your customers look, and creating a sense of personality and intimacy that's striking and memorable.

Once you start putting the pieces of this method to work in your business, you'll begin to see more leads and better opportunities being attracted to you. When you know you will always have good options available to you in business, you can start doing more strategic long-term thinking. You can invest with more confidence into the other areas of your business and have a defined plan for sustainable growth.

### Pillar #2: Sales

Many businesses either over-automate their sales process or they over-intimacy, keeping them from being able to afford operating their business. Automation as you grow inside of your marketing—specifically with a CRM, follow-ups, and being able to know who is likely your customer—is important.

However, don't forget this. Most of the time, someone is going to pull the trigger when you follow up. And just because someone says no, it simply means "not today." The number of people who said no on Friday but yes on Monday probably amounts to millions in sales.

At its core, sales are simple. Get someone to believe in the future version of themselves.

### Pillar #3: Product

In the life of every entrepreneur, there comes a time where a major issue comes up if they want to scale: "How can I trust someone else to deliver my service or product? There's no way it will be as good, and people won't buy it because it's not me."

The ability to remove yourself from delivery comes in two parts. The first is mindset, and the second is the hiring of someone else.

You have to develop a method or process that allows for another person to deliver the exact (if not better) experience you give each and every one of your customers. Once you have this done, it allows you to train your team to deliver a world-class experience which systematically

delivers the intended outcome that every customer has when they invest in your solution.

### Pillar #4: Operations and Team

At times, it can feel like interviewing, hiring, training, and managing a team is a drain on your time and energy (not to mention taking on increased risk and liability).

But the truth is that if your business is going to be able to grow and thrive over the coming years, a solid team is absolutely necessary. So even if it sometimes feels like focusing on this pillar is slowing you down, remember this: if you want to go fast, go alone. If you want to go far, go together.

Just remember—building a great team is a process, and one worth committing yourself to, because if you want to have a business that gives you freedom (meaning you can go do what you want, when you want, for whatever reason you want), an effective team is critical.

### Pillar #5: Finances

The truth is, your business is a game of numbers. As entrepreneurs, we love cool ideas, concepts, and solving problems. However, the ability for you to impact the world and to have a business that really makes a change in the world relies on you being able to actually profit so that you can do what you say you're going to do.

Most entrepreneurs don't have a love for money. But if you don't have an appreciation and respect for the numbers as an entrepreneur, you're always going to come up short. That vision you have, it will never happen. The ability to protect and provide for yourself and your family will always be limited, and someday, you won't be able to make the money the way you're making it now.

### Pillar #6: Mindset

An entrepreneur's number-one downfall is themselves. And the ability to have success comes down to seeing how an entrepreneur sees the world or a set of challenges. A challenge and an opportunity are the same: they're just seen differently. Anxiety and excitement are the same emotion.

The truth is that your mindset will create your outcome. It will decide what you do, how you think, and you can typically see the success or failure of a business based directly upon their mindset.

## Conclusion

Think about it this way: The mindset, values, and beliefs that you have today have brought you to where you are. But most entrepreneurs who succeed are those who are open to change, and see their beliefs as theory, not law.



Scott Oldford is a mentor, investor, and advisor for successful online businesses. He's also the creator of The Relevancy, Omnipresence and Intimacy Marketing & Sales Method, 6 Pillar Framework, and REwired, all systems that help entrepreneurs scale their businesses and generate sustainability. After successfully developing nine companies, Scott has mentored thousands and helped many businesses reach the multimillion-dollar mark.

***The Nuclear Effect: The 6 Pillars of Building a 7+ Figure Online Business*** by Scott Oldford.
© 2020 Scott Oldford. Summarized by permission of the publisher, Lioncrest Publishing.
278 pages, ISBN 978-1544507040.
Summary copyright ©2020 by Soundview Book Summaries®

· Book 58 of 67 ·

# The Pumpkin Plan

SOUNDVIEW Executive Book Summaries®
www.summary.com



# The Pumpkin Plan

## A Simple Strategy to Grow a Remarkable Business in Any Field




by Mike Michalowicz

### THE SUMMARY IN BRIEF

Each year Americans start 1 million new businesses, nearly 80 percent of which fail within the first five years. Under such pressure to stay alive — let alone grow — it's easy for entrepreneurs to get caught up in a never-ending cycle of "sell it — do it, sell it — do it" that leaves them exhausted, frustrated and unable to get ahead no matter how hard they try.

This is the exact situation Mike Michalowicz found himself in when he was trying to grow his first company. Although it was making steady money, there was never very much left over and he was chasing customers left and right, putting in 28-hour days, eight days a week.

After reading an article about a local farmer who had dedicated his life to growing giant pumpkins, Michalowicz realized the same process could apply to growing a business. He tested the Pumpkin Plan on his own company and transformed it into a remarkable, multimillion-dollar industry leader. First, he did it for himself; then, for others; and now, you.

With additional stories of other successful entrepreneurs, *The Pumpkin Plan* guides you through unconventional strategies to help you build a truly profitable blue-ribbon company that is the best in its field.

### IN THIS SUMMARY, YOU WILL LEARN:

- How to free yourself from the "sell it — do it, sell it — do it" trap.
- How to identify and leverage your biggest natural strengths.
- How to identify your top clients and remove the rest of your less-promising clients.
- How to get your business into a sweet spot with the right clients, offerings and systematization.

### CONTENTS

**A Half-Ton Pumpkin Is About to Save Your Life**
Page 2

**The Seed**
Page 3

**Assess the Vine**
Page 4

**The Tourniquet Technique**
Page 5

**The Wish List**
Page 6

**Kill the Curve**
Page 7

**Next Season**
Page 8

**How to Pumpkin Plan Your Business — Your Story**
Page 8

Published by Soundview Executive Book Summaries®, 500 Old Forge Lane, Suite 501, Kennett Square, PA 19348 USA
© 2013 Soundview Executive Book Summaries® • All rights reserved. Reproduction in whole or part is prohibited.
Concentrated Knowledge™ for the Busy Executive • www.summary.com
Vol. 35, No. 3 (3 parts), Part 1, March 2013 • Order #35-06

# THE COMPLETE SUMMARY: **THE PUMPKIN PLAN**

**by Mike Michalowicz**

**The author:** Mike Michalowicz launched and sold two multimillion-dollar companies and currently operates his third, Provendus Group, a consulting firm that ignites explosive growth in companies that have plateaued. He is the author of *The Toilet Paper Entrepreneur* and is a former small-business columnist for *The Wall Street Journal*.

From *The Pumpkin Plan: A Simple Strategy to Grow a Remarkable Business in Any Field* by Mike Michalowicz. Copyright © 2012 by Mike Michalowicz. Adapted by arrangement with the publisher, Portfolio / Penguin, 228 pages, $26.95. ISBN: 978-1-59184-488-4. To purchase this book, go to www.amazon.com or www.bn.com.

Summary copyright © 2013 by Soundview Executive Book Summaries® www.summary.com, 1-800-SUMMARY.

For additional information on the author, go to www.summary.com or www.PumpkinPlan.com.

## A Half-Ton Pumpkin Is About to Save Your Life

Five years as an entrepreneur under my belt and I had nothing.

I was a freakin' slave to my business and all I had to show for it was stress-induced red blotches all over my face (never did find out what those were). The hours were insane, and when I did spend time with my wife and our 5-year-old son, it was fake time — I was on my laptop, or on the phone, or talking business, or thinking about business — completely unfocused on the two most important people in my life.

Enter Frank, my personal Yoda. I met him at my first ever chamber of commerce meeting. He really didn't care if you hired him to coach you. He didn't have to care — as president of a major medical services company, he had taken the company from $8 million to $80 million without breaking a sweat, so he didn't need the work or the money.

I did hire him and I tried to follow his advice. I tried to become Frank's definition of an entrepreneur, which, I later learned, is the only definition of an entrepreneur: "You're not an entrepreneur yet, Mike. Entrepreneurs don't do most of the work. Entrepreneurs identify the problems, discover the opportunities and then build processes to allow other people and other things to do the work."

### The Holy Grail in the Pumpkin Patch

It was October and the local newspaper ran an article about a farmer who grew a gigantic, prize-winning pumpkin.

Here's how the article broke down the pumpkin-growing process:

**Step One:** Plant promising seeds.

**Step Two:** Water, water, water.

**Step Three:** As they grow, routinely remove all the diseased or damaged pumpkins.

**Step Four:** Weed like a mad dog. Not a single green leaf or root permitted if it isn't a pumpkin plant.

**Step Five:** When they grow larger, identify the stronger, faster-growing pumpkins. Then, remove all the less-promising pumpkins. Repeat until you have one pumpkin on each vine.

**Step Six:** Focus all your attention on the big pumpkin. Nurture it around the clock like a baby, and guard it like you would your first Mustang convertible.

**Step Seven:** Watch it grow. In the last days of the season, this will happen so fast you can actually see it happen.

There it was, in black and white … and orange. The answer I'd been looking for, for years. I needed to treat my company like a giant pumpkin. ●

## A Slow, Miserable Death

When our businesses are in a state of collapse, entrepreneurs go through three stages. First, we deny that we're struggling. You know what I am talking about. Someone asks how your business is going and you say, "Great! Just landed a big client!" But inside you can feel your lungs compress as the stress builds. Things aren't great. Money is draining away, fast. But you're afraid to admit you're struggling because what if people think you're not capable? What if future prospects ignore you?

1-800-SUMMARY
service@summary.com
**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 500 Old Forge Lane, Suite 501, Kennett Square, PA 19348 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions starting at $99 per year.
Copyright © 2013 by Soundview Executive Book Summaries®.
**Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States) or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Andrew Clancy**, Senior Editor; **Amanda Langen**, Graphic Designer; **Jeannette Scott**, Contributing Editor

What if your team begins to doubt you? In Stage One of the collapse, entrepreneurs deny the truth because our egos can't handle it.

Enter Stage Two. For many, the stress at this point has become a fact of life. Wake up stressed. Go to bed stressed. Stress about being stressed. In some perverted way, you start to be proud of how stressed you are. It looks a little different, but it's still ego.

In Stage Three we just throw our hands in the air (there's that defeatism again) and say, "Life sucks," as if fate had anything to do with it (it doesn't) and our success or failure is completely out of our hands (it isn't). All the fight is gone.

In case you've missed the news for the last few years — which, considering your schedule, is a good possibility — each year, according to the U.S. Department of Labor, Americans start 1 million new businesses, and yet nearly 80 percent of these businesses fail within the first five years. Eighty percent, people.

The problem is, entrepreneurs are stuck. Not sure if you're stuck? Let's find out.

If you've heard yourself say, "If I could just get one more client (or project or deal or major sale), I would finally make it," or if your business is dependent on you to do the work, or if you think your dream is just that — a dream — you're trapped. But I know a way out.

### Work the Plan — Take Action in 30 Minutes (or Less)

Revisit the dream. When all you can think about is how to cover next week's payroll, that dream may seem out of reach. Still, it's that dream that keeps you from giving up. You need that dream now, more than ever. So, right now, revisit the dream that inspired you to launch your company in the first place. Write it down and keep it handy to review it … because we're about to make it happen.

## The Seed

All the giant pumpkins you see on the six o'clock news — no matter whether you're watching from your couch in Topeka or your recliner in St. Paul — come from the same lineage of seeds, the Dill's Atlantic Giant variety started by the godfather of giant pumpkins, the late Howard Dill of Nova Scotia, Canada.

The reason this is relevant to you is because in order to build the most successful company you possibly can, you need to start with your own Atlantic Giant seed.

When you first started your business, you, like me, probably planted a lot of different kinds of seeds. You had a ton of great ideas, welcomed every type of client with open arms and busted your butt trying to make those seeds grow. You watered and watered … and watered … until you were drowning. Some seeds worked out better than others, growing perfectly acceptable pumpkins … I mean, profits. But other seeds just withered and died even after you spent precious resources you really didn't have trying to keep them alive. Other seeds just never even pushed through the soil at all.

Don't waste your time planting seeds that may or may not work out. Plant the seed that you know has the very best chance of making it, and then focus your attention, money, time and other resources on that tight niche until all of your entrepreneurial dreams come true.

### Finding Your Own Giant Seed

Your giant seed is basically your sweet spot — the place where your best clients and the best part of your business meet. This is the place where your favorite customers are able to derive maximum benefit from the systematized, core process that drives your business.

In *The Toilet Paper Entrepreneur,* I talked about the importance of focusing on one Area of Innovation (AOI) and explained the three types: quality, price and convenience. Nobody can be the de facto leader in all three areas simultaneously. Many try, and all fail.

Combine your AOI and your No. 1 strength with your life and your business experience — experience

### Treating Your Company Like a Giant Pumpkin

**Step One:** Identify and leverage your biggest natural strengths.

**Step Two:** Sell, sell, sell.

**Step Three:** As your business grows, fire all your small-time, rotten clients.

**Step Four:** Never, ever let distractions — often labeled as new opportunities — take hold. Weed 'em out fast.

**Step Five:** Identify your top clients and remove the rest of your less-promising clients.

**Step Six:** Focus all your attention on your top clients. Nurture and protect them; find out what they want more than anything, and if it's in alignment with what you do best, give it to them. Then, replicate that same service or product for as many of the same types of top clients as possible.

**Step Seven:** Watch your company grow to a giant size.

that no one else has because they're just not you — and you've discovered how your company is authentically different than the competition.

To get to your sweet spot, you also have to take into account your ability to systematize every aspect of your business. As your business grows over time, it should become easier to systematize, not harder. Things will come naturally to you, you'll build more contacts and you'll have more people on your team who know how things work. So when you consider your ability to systematize, ask yourself, "Is this easy to do today, and can I keep making it easier and easier over time?" ●

## Assess the Vine

When my pal AJ Harper started her freelance writing business in 2005, she said yes to every job she could get. She wrote articles, books, blog posts — anything and everything. The thing was, even though she made enough to live on, she wasn't making it, not really. She worked seven days a week and still ended up borrowing money from her folks to get by. Worse, she spent hours every day bidding on new projects to get new clients.

Fast-forward six years, and she's making it. She's got a team working under her, and together they turn out book after amazing book for her company, Book Lab. The other day we were chatting over chili dogs and root beer. She explained how she started to turn things around.

"A couple of years in, I realized I had a handful of clients I loved working with, and they all had a few things in common," she said. "They all had the goods, meaning they weren't a bunch of blowhards with empty promises for readers. They all had the stamina and the will to get their books out into the world. And most importantly, they respected me, which meant we could collaborate — and that's what I love best."

So she focused on her better clients and stopped trying to get more clients. Within a matter of a month, new prospects started calling her after being referred by her top clients. And because she had new qualifiers for clients (have the goods, have stamina, have respect), she said yes only to those who fit and no to those who didn't. She hasn't bid on a project or marketed her business in any way since 2007. More isn't better. Better is better.

### The Assessment Chart

When it comes to rating clients or customers, there are some pretty basic qualifiers that apply to all businesses. Do they pay on time, when they feel like it or not at all? Do they refer others to you, or do they keep you all to themselves? Do they respect your expertise, or do they consistently undermine or question you?

You can make your own Assessment Chart, or you can go online and download the one I made for you at www.PumpkinPlan.com/Resources. I've included all the basic qualifiers and space for you to add your own. Here's how you make it:

1. List your clients in descending order of revenue.
2. Now, put a line through the clients who make you cringe when you hear their names.
3. Create a column for each of the following qualifiers:
   - *Pays Fast*. Do they pay on time or early?
   - *Repeat Revenue*. Do they use your services or purchase from you on a regular basis?
   - *Revenue Potential*. Could they generate a significant amount of revenue for you in the future?
   - *Communication*. Do they communicate well with you?
   - *Fix It*. When you make a mistake, will they tell you, give you a chance to fix it and forgive you when you do?
4. Grade each client in each column. Be honest—don't give them more credit than they're due. This is your livelihood.
5. Now create new columns for the following less crucial qualifiers:
   - *Opportunity*. Does working with them give you opportunities you wouldn't have had otherwise, such as introductions to key partners?
   - *Referrals*. Do they refer others to you and/or are they willing to?
   - *History*. Do you have a long-established history working with this client, making you feel confident you understand how they behave in all situations?
6. Add blank columns for any additional qualifiers you came up with.
7. Place a "Y" (yes) or "N" (no) in each of the non-crucial columns. Use this as a tiebreaker when identifying top clients. For example, if you have two clients who both score a B on the crucial rating scale, find out which of these clients has more Y's than N's in your non-crucial columns.

If you sell products to hundreds of customers, go with the top 5, 10 or 20 percent of your clientele. One common mistake entrepreneurs make when assessing clients is to unconsciously tweak their answers to key questions in order to play favorites. The fix for this is to have a third party look over your Assessment Chart, someone

who knows your business and your clients but who does not share your agenda or your preconceived notions.

By now you should have a clear picture of the clients who are awesome and those who are anything but. You know the cringe-worthy clients are on their way out, but now you also know which seemingly decent clients just aren't measuring up. ●

## How We Do Things Down on the Farm

Now it's time to remove the weeds, the diseased pumpkins and any other distractions so that your existing top clients, and other new clients just like them, can start blossoming. If this step totally freaks you out, go back to your Assessment Chart and find the client who is the biggest pain in the ass and who, when fired, will have the least financial impact on your business.

So how do you fire a client? Here are four ways to go about it, without straight-up telling them … or actually killing them. (Last time I checked, that was pretty much outlawed in all 50 states … Jersey is questionable.)

**1. Eliminate services.** For example, you might eliminate a specific service, or you might eliminate servicing a specific type of company (the same type of company your sucky client has … what a coincidence). Explain that "We have shifted all our resources to serve an industry other than yours, and we can no longer help you."

**2. Prioritize the stars.** Simply prioritize your best clients. When the good ones call, they get serviced first. The cringers will get the hint. Sure, it's a little bit Mean Girls, but it gets the job done.

**3. Raise prices.** And I don't mean a measly 10 or 20 percent. Increase your fees until it becomes prohibitive for the client. In rare cases, some clients will just rise to the occasion, paying you seriously good money just to keep working with you. And because these people probably want to work with you, they'll probably be nicer, too.

**4. Refuse to two-time.** Another way of breaking ties with a diseased client is to explain to them that you have an agreement with a major client that prohibits you from servicing them any longer. Now, I am not suggesting you create a contract or any of that; the goal here is to have an explanation for the break. ●

## The Tourniquet Technique

Let me fill you in on Luke. He's been one project away from making it for eight years. Eight years. He doesn't pay himself much — a full-time job at Mickey D's would net more cash — but he does pay eight employees, with a little help from his wife and his parents. Luke is in so deep, there are only two ways out: cut expenses or close up shop. So I give it to him straight: "You have to fire someone."

He was horrified. I wasn't surprised. I get it. I do. I've had to let truly amazing people go during lean times, and it has dropped me to my knees in a sobbing mess. No question, it sucks. But you know what sucks more? Letting everyone go, including yourself, because of bankruptcy.

### The Right Way to Staff a Giant Pumpkin

Your main objective is to serve the hell out of your top clients, so your org chart (let's just abbreviate, shall we?) should support that. So first, you need to create the ideal org chart — one that, if actualized, would enable you to support your top clients efficiently and with ease. No stress. No freak-outs. No missed deadlines. What would that look like? Would you eliminate certain positions? Would you create a new role? Would you set up teams to share the load?

At this stage, your organization is not about your personnel; it's about the positions. Think about the roles and responsibilities of the positions that best serve your top clients. The key is to draw the ideal chart and then plug in the pieces of your existing business that fit properly. Awareness is everything, and one of the best ways you can get real about your staff is to create visual representations of your ideal chart and your actual chart. When you can see how it should be and also how it is, you can then shift people and responsibilities around until you can't tell the two charts apart. ●

## Play Favorites and Break Rules

Now that you've ranked your customers, fired the diseased troublemakers, redirected your unfit customers, cut unnecessary expenses and put in a healthy root system (your new org chart), your next objective is to focus your energy on your core client group. Your goal — your mission — is to keep these folks so happy you obliterate the possibility that they would ever leave you for the competition.

Now I'm not saying you should ignore all your other clients or treat them poorly. As a general rule, don't skimp on the quality of product or service. It's bad for business.

But do develop a different approach for your top clients. Push them to the front of the line. Drop every-

thing for them. Interrupt meetings to deal with their crises. Dream up new and better ways to serve them. Anticipate their needs. Give them first dibs on new products or services. And most importantly, go out of your way to help them grow their businesses. ●

## The Wish List

John Shaw from Colorado is a giant, solar panel-installin' Pumpkin Planner in a really, really saturated field. His business went through the roof (pun intended) when he stopped installing solar hot water systems — effectively killing off the clients who, through no fault of their own, seriously ate up his time and dipped into his profit margin. But that wasn't the end of John's stellar growing season. John supersized his business when he figured out what frustrated his prospects the most and then did something about it.

John knew that in Durango, there were two different government rebate programs for people who switched over to solar energy and that these saved clients around $6,000 on the installation of a system that could cost upward of $25,000. He knew that many prospective clients wanted to install solar panels, but they just could not swing it because they didn't have the upfront cash.

John listened carefully to his clients and prospects, asked questions, took note of their frustrations with his industry, and then did some recon. After a bit of research he discovered how some solar companies in Northern California expanded their market beyond their wealthy clientele and made solar energy accessible to people who wouldn't normally be able to afford it. John decided to try it out in Colorado.

John had $50,000 or so in cash reserves and realized he could probably float the $6,000 for some clients until the rebates came in, effectively solving the cash-poor problem many prospects complained about. "I started giving clients temporary loans based on the total amount they would get back from state and local rebate programs," John explained to me. "It only takes a few months to get the rebates. I fill out all of the paperwork and I have the rebate check sent straight to me, so there's no real risk." Pure Pumpkin Planning genius.

You see, a Pumpkin Planner's success is not in having better answers … it is in asking better questions, better defining the problem. When you do this, the answers present themselves. The best answer, is obvious. ●

## Let Them Lead

What if you could be sure that every time — and I do mean every time — you launch a new product or service, you absolutely, positively knew it would not fail?

Screw the "what ifs."

Because you totally can.

I call this the "Insider Strategy" because it gives your clients insider access to the goings-on of your company, and you get insider access to their minds.

### A Cult Following

Despite his low-key workshop and his small crew (seriously, he's practically a one-man band), Paul Scheiter of Hedgehog Leatherworks is the mammoth, record-breaking pumpkin in his niche. Paul specializes in making handmade high-performance leather sheaths for survival, tactical and hunting knives, which he sells online. His clients are survivalists, the folks who head off into the woods and stay there for weeks at a time with nothing but a knife (and a Hedgehog sheath).

When Paul is getting ready to design a new sheath, he will reach out to the very tight-knit community of 10,000-plus subscribers via video, conference call or email and ask what they want. He'll say, "I'm getting ready to design a new sheath — which knife should I make it for?" He doesn't have to guess what he should make next. There is no focus group that could potentially march him down the wrong path, and he doesn't have to wonder if it will sell. Paul's entire community tells him exactly what they want, in effect, telling him exactly what they'll buy.

As he works on the design, Paul keeps the community engaged by sharing photos of his process, detailed videos and descriptive emails; sending out samples; and hosting group conference calls for those who are invested in the outcome. And with the excitement of watching a product come to life, even if you weren't invested from the start, you get caught up in it along the way.

When Paul is ready to sell the sheath, he makes it available first to the people who helped him develop it (and who can hardly wait to get their hands on it), and then only months, and maybe even a year, later to the general public.

And because his clients are collaborators, they promote the living hell out of these sheaths. They are Hedgehog diehards on a mission to convert other, unsuspecting survivalists to join their ranks. Sounds eerily similar to a cult, right? But what entrepreneur could ask for more than that? ●

## Big, Fat & Healthy

### Move in Concentric Circles

When growing mammoth pumpkins, you don't spread your seeds over 17 acres; you focus on half an acre, plant one seed (or two, if you're really ambitious) and focus on tending to and strengthening the vine. Because you have limited resources (time, marketing dollars, etc.), you can't be as effective or as visible if you're covering too much territory.

When you focus on moving within one tight area, prospects and clients see you more frequently. Once we tightened Olmec's niche to working primarily with hedge fund companies, we started hanging out where they hung out. We joined clubs, associations and other groups to which they belonged. We advertised in their trade publications. We went to lunch where they went to lunch. We moved in concentric circles, focusing solely on hedge fund companies until, in their eyes, we were ubiquitous.

There is a threshold of trust, a moment when you've seen someone enough times that you trust them. You think you know them, even though you've never met. Market only to the locations where your key prospects are and they will believe you're everywhere. ●

## The Airline Safety Card Method

Most entrepreneurs struggle making the leap from a one- or two-person startup to a business with 10 or more employees. There are probably 8,097 reasons why we keep making this mistake over and over again, but the top offenders are scarily consistent: 1) We don't think we can afford to hire someone else to do it; 2) When we do hire someone with enough experience (and forgo our own salaries), they are unable or unwilling to do it the right way (our way); 3) Even when we bring in someone we can afford, and who doesn't need to "unlearn" their experience, we don't have time to train them; and 4) Even if we had the money to hire a willing and able staff and had the time to train them, we're fairly confident they would pale in comparison to our own superior abilities. (That last one? That's the biggie. I know you're awesome and I know you've had to do it all and be it all for a long time now, but you can let go. You have to. It will be OK. I promise.)

Here's your "come to Jesus" moment: You cannot scale your business if that means that you do most (or even some) of the work. Period. In fact, if you want to grow a serious business, a Pumpkin Planned business, it requires that you don't do any of the work.

### Break It Down

When I design systems for my businesses, I always follow what I have dubbed the "Airline Safety Card Method" — I break it down, and break it down, and break it down until the system not only fits on one laminated sheet, but becomes easy for anyone to understand and implement. Then, I take it for a test drive. If my receptionist can do it, if my sales staff can do it, if the pizza delivery guy can do it, it's ready for prime time. If not, I go back to the drawing board and keep at it until they can. Your systems can be mastered only when they can fit on your own version of the Airline Safety Card.

Imagine how fast you could grow your business if you could count on your team to deliver superior service or turn out quality products every time. What projects could you say yes to that you turned down in the past? In what areas could you expand your business that you couldn't before? And the ultimate question … Could you finally go on vacation, and be making money while you are away … for an entire month? ●

## Kill the Curve

You know what sucks about a bell curve? You're graded based on how well everyone else does. So if you're not a genius, and you want to ace a test, you've got to pray half your class has a hangover or forgot to study.

The product-to-market curve looks just like the bell curve, except everyone is trying to find the best place to land on the curve so they can dominate the market. They want to get in on the market early enough to make the most of "consumer demand."

Entrepreneurs screw up when they try to get in early on the curve and work their way to the top of the heap. They see a trend and they want in on it. The problem is, now they're focused on outplaying the competition, when they should be focused on playing an entirely different game than the competition.

You know you're on the curve if you can say, "I have competitors." When you evaluate and judge your performance against your competitors, innovation is lost; you're just trying to build a better VCR. And at my last garage sale, I couldn't unload my old beast for a measly five dollars.

### The 180 Technique

If you label yourself in the same way your competitors label themselves, customers won't be able to distinguish how you are different. One way you can kill the curve is by giving yourself a new label.

Rather than compete with all the circuses of the world, Cirque de Soleil decided to label themselves differently. The label hints at "circus" but at first glance it is different and, therefore, begs prospective customers to ask, "What does that mean?"

When your clients can't easily quantify your new label, they will ask, "What does that mean?" That is your doorway to begin explaining how you are different — the components of your business or offering that make up your 180.

A label, after all, is just a name. You need to back it with some real street cred. You need the goods. You do that with the "180 Technique," one of my favorite ways to kill the curve. First you do an analysis of your industry and define all the parameters — what are all the assumptions about how this industry runs? Then you ask yourself, "What is the exact opposite of that?"

Commerce Bank (now TD Bank, N.A.) pulled a 180 with its "No Stupid Fees, No Stupid Hours" campaign. Commerce Bank stopped taking cues from other banks and started behaving more like a fast-food restaurant. Suddenly customers could bank when it was convenient for them, and they weren't penalized for every little error. Suddenly customers could get same-day service for things that other banks took days to handle. And suddenly, Commerce Bank didn't look like just another bank anymore. It had killed the curve. At a time when many banks were struggling, Commerce Bank just kept growing and growing and growing. ●

## Next Season

The Pumpkin Plan works in part because of a laser focus on top clients, to the point where you're building an entire niche product or service around their needs. But that means that if that industry dies, your business dies.

Pumpkins die — even giant pumpkins. This is why you need to extract a seed from that giant pumpkin of yours and use it to plant a new one … when you're ready. Do this only when your first pumpkin is rock-solid strong and operating on autopilot.

How big is big? For some businesses, big is the $10 million mark; but it could be $100 million or even $1 billion. Regardless, I have never seen it happen for companies with gross revenue of less than $10 million (but I'm sure it can happen).

Don't freak out. I'm not telling you to sell your business and start a new one. I'm telling you to prepare to grow something new. Maybe you'll evolve your business — that's what IBM did, leaving computer manufacturing behind to grow a new service business. You may find a new niche that allows you to both exploit your No. 1 strength and better serve your top clients (think of countless came-out-of-nowhere startups like Crocs or Google) — maybe you'll start a new curve; TiVo did this by busting the VHS industry curve. Or maybe you will sell your giant pumpkin and start a new business. But it's inevitable. In order to stay in the game, you're going to have to grow *something* new.

Super-successful entrepreneurs know how to reinvent themselves and reinvigorate their companies.

However you choose to approach the next season of your business, it's key that you grow something from your handful of giant seeds. That seed to your success is made of your innovation, hard work and genius — why would you want to start over?

Me? I built a computer repair business. Then, I built a computer crime investigation business. Then, I launched a behavioral website design business. Though different applications, all of my businesses are heavily technology-based. It's not just about building on your well of knowledge. It's about cultivating a habit of success. ●

## How to Pumpkin Plan Your Business — Your Story

Employing the strategies that worked when you started your business won't get you a giant pumpkin. In the beginning, you had to trust your gut, say yes to all clients and opportunities, do the work yourself, and fly by the seat of your pants. You now need to kill what's not working, nurture what is working and develop systems to repeat the process. This is the essence of the Pumpkin Plan.

You have it in you to grow a remarkable business and contribute to the world in a meaningful way through innovation, by creating jobs, by setting an example of what is possible when you take a risk and go after your big, crazy (and attainable) dream. I believe in you. ●

### RECOMMENDED READING LIST

If you liked *The Pumpkin Plan*, you'll also like:

1. ***Army of Entrepreneurs* by Jennifer Prosek.** Prosek presents an easy-to-follow action plan to build a workforce dedicated to generating new business, creating new products and services, and sustaining growth.
2. ***Never Bet the Farm* by Stephen Spinelli Jr. and Anthony L. Iaquinto.** The authors present a framework that can help entrepreneurs reduce risks and simplify decision-making. It is at once both encouraging and cautionary.
3. ***Eat People* by Andy Kessler.** Kessler explains how the world's greatest entrepreneurs don't just start successful companies — they overturn entire industries, and he offers 12 surprising and controversial rules.

· Book 59 of 67 ·

# The Responsible Entrepreneur

Soundview Executive Book Summaries

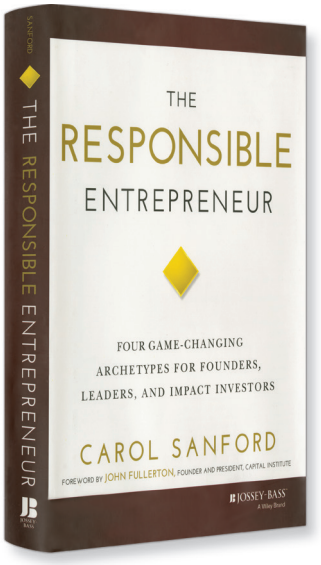
November 2014

SOUNDVIEW Executive Book Summaries®
www.summary.com

Entrepreneurship

# The Responsible Entrepreneur

## Four Game-Changing Archetypes for Founders, Leaders and Impact Investors




by Carol Sanford

## THE SUMMARY IN BRIEF

Responsible entrepreneurs are a special breed, seeking to transform industries and even society itself. They challenge and refine cultural assumptions, laws, regulations and even the processes of governance. This requires them to do and think far beyond what is usually required of business leaders.

*The Responsible Entrepreneur* offers a blueprint for this new kind of leadership, describing the means by which any entrepreneur can pursue a higher order of work. In it, Carol Sanford, an expert in responsible business development, brings her vast experience in helping executives and corporations to the entrepreneur looking to launch and scale a venture. She maps the journey through four archetypes: The Realization Entrepreneur: Industry Game Changer; The Reconnection Entrepreneur: Society Game Changer; The Reciprocity Entrepreneur: Culture Game Changer; and The Regenerative Entrepreneur: Governance Game Changer.

By understanding the archetype most aligned with their goals, entrepreneurs will learn how to grow their businesses into powerful platforms that can leverage change, and even change the foundations that create our most pressing problems and issues.

## IN THIS SUMMARY, YOU WILL LEARN:

- The primary characteristics of the new entrepreneur.
- How some extraordinary people have changed the game for the better.
- How modern archetypes are altering the future.
- Why new measures of accomplishment are based on the success of the whole.

## CONTENTS

**Modern Archetypes Are Altering the Future**
Page 2

**Four Game-Changing Entrepreneurial Roles**
Page 3

**Disrupting Industries**
Page 4

**Upending Social Systems**
Page 5

**Shifting Paradigms and Beliefs**
Page 6

**Revitalizing Founding Agreements**
Page 7

Published by Soundview Executive Book Summaries®, 511 School House Rd., Suite 300, Kennett Square, PA 19348 USA
© 2014 Soundview Executive Book Summaries® • All rights reserved. Reproduction in whole or part is prohibited.
Concentrated Knowledge™ for the Busy Executive • www.summary.com
Vol. 36, No. 11 (3 parts), Part 3, November 2014 • Order #36-28

# THE COMPLETE SUMMARY: **THE RESPONSIBLE ENTREPRENEUR**

**by Carol Sanford**

**The author:** Carol Sanford is founder and CEO of the Responsible Entrepreneur Institute and Essence Alignment Co., a global consultancy. She blogs for *The Economist,* CNBC and other outlets and has lectured at universities including MIT and the University of Michigan. She is also the author of the award-winning book *The Responsible Business*.

*The Responsible Entrepreneur: Four Game-Changing Archetypes for Founders, Leaders and Impact Investors* by Carol Sanford. Copyright © 2014 by Carol Sanford. Summarized with permission of the publisher, Jossey-Bass, A Wiley Brand. 224 pages, $28.00, ISBN: 978-1-118-91075-7. To purchase this book go to www.amazon.com or www.bn.com.

Summary copyright © 2014 by Soundview Executive Book Summaries ® www.summary.com, 1-800-SUMMARY.

For additional information on the author go to www.summary.com or www.carolsanford.com.

## Introduction

Responsible entrepreneurs are a special breed. They start out with the idea of changing the game of business itself, to make business a force for making the world a better place. They have the courage to take on what they don't yet know how to do and the dedication to build the capability to do it. These entrepreneurs are driven by the realization that society and the planet need something big from them and that, if they don't rise to the challenge, the work may not get done.

Entrepreneurialism is about personal agency and the development of will. Human will is a powerful and necessary social force if we are to successfully undertake major change on a global scale.

The next generation of entrepreneurs is at this very moment inventing new products, industries, sources of capital and models of enterprise. In the process they are creating the necessary proving ground, as well as the competence and confidence, for the emergence of the responsible entrepreneur as a business paradigm for the 21st century.

Entrepreneurs can be found in all walks of life. Some work for themselves, others work in large organizations, but all of them share certain characteristics:

- They care about the whole of something and enjoy developing the acumen needed to work on all parts of a business. Even with regard to those aspects that don't thrill them, they are tenacious about doing what it takes to get something launched.
- They maintain their own motivation, getting stimulus, training and information when they need it. They work hard to manage their own state and hold a positive attitude.
- They are willing to take on big challenges that stretch them beyond what they currently know how to do and to ride the roller coaster of needing to continually rise to the occasion.

Responsible entrepreneurs can have a profound effect if they can create the right platform. This requires that they have successful businesses, which provide them with a reliable stream of resources and the credibility that comes from managing large challenges. In addition, they must recognize that innovation can serve the double purpose of securing the success of a business while simultaneously transforming the world.

## CHANGING THE WORLD REQUIRES GAME-CHANGING ROLES

## Modern Archetypes Are Altering the Future

Many entrepreneurs who set out to apply their energies to making a difference find themselves sucked into a vortex of rules that were defined by others. They can't completely escape. That's when they discover that if you want to operate from a place of creative freedom, you have to take on defining the game itself, changing the rules for everyone. Responsible entrepreneurs tend to focus their game-changing aspirations in one of four distinct domains:

1. *Industries,* where the work is to disrupt and replace automatic patterns with ones that are more life affirming.

2. *Social systems*, where the work is to move upstream to the causes of social problems and address them at their source.

SOUNDVIEW **1-800-SUMMARY** **service@summary.com**

**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 511 School House Road.,Suite 300, Kennett Square, PA 19348 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions starting at $99 per year. Copyright © 2014 by Soundview Executive Book Summaries ®. **Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Ashleigh Imus**, Senior Editor; **Amanda Langen**, Graphic Designer; **S. Dayton** Contributing Editor

3. *Cultural paradigms*, where the work is to make the belief systems that unconsciously govern human experience more holistic and embracing.

4. *Foundational agreements*, where the work is to renew and vitalize the deeper intention behind the governing documents, such as a corporate charter or the U.S. Constitution, that explicitly lay out the social contract by which a community or nation defines itself.

### Four Timeless Leadership Archetypes Evident Everywhere Today

These four domains correspond very closely to a hierarchy of archetypal leadership roles that have been observed again and again in traditional cultures around the world.

Anthropologists and native peoples name them Warrior, Clown, Hunter and Headman. These archetypes have long provided a structured and powerful way to evoke the leadership most needed by traditional (and modern!) communities at any given time.

**Warrior.** The Warrior protects the values of a community, constantly calling people to remember what gives their lives meaning. In the world of business, this work takes place within the domain of industry.

**Clown.** The Clown pokes fun at collective self-centeredness and unconsciousness, opening space for humility and heartfelt appreciation of others. The Clown is therefore naturally called to work within the domain of social systems.

**Hunter.** The Hunter perpetuates life by strengthening the mutual exchange between the tribe and the natural world. In the modern world, the Hunter's domain is cultural paradigms.

**Headman.** The Headman (or Headwoman) awakens individuals to their potential and inspires them to work with others in order to contribute to something larger than themselves. The domain of the Headman is the reorientation of people to the deeper meaning of their foundational agreements.

The four archetypes are all necessary to the healthy functioning of society, and taken together they form a whole system. If any one of them is missing, society becomes vulnerable.

If the Warrior impulse is missing, conformity drives behaviors, and commoditization drives economies. If the Clown is missing, inequity and inequality become more severe. If the Hunter is missing, cultural cohesion breaks down. If the Headman impulse is missing, society and self-governance can't evolve.

Individuals who take on an archetypal role provide critically important leadership that enables societies to remain vibrant, healthy and dynamic. How you use these archetypes depends on a large number of variables about which you can exercise a great deal of conscious choice.

## Four Game-Changing Entrepreneurial Roles

Each of the four domains within which responsible entrepreneurs operate requires one of the four archetypes of leadership, which translate into four unique entrepreneurial roles.

The archetype required to change an industry is the Warrior, and the corresponding entrepreneur is a *realization entrepreneur*.

The archetype required to change social systems is the Clown, which in the entrepreneurial world is a *reconnection entrepreneur*.

The archetype required to change cultural paradigms is the Hunter, or *reciprocity entrepreneur*.

The archetype required to change connection to foundational agreements is the Headman, or *regenerative entrepreneur*.

### The Four Roles Do Different Work

The realization entrepreneur is driven by the vision of an improved reality, which sources her creativity in pursuit of a better world.

The reconnection entrepreneur reveals the gaps in our cognition regarding the impact of existing social systems (such as the inequitable distribution of opportunity).

The reciprocity entrepreneur is concerned with the effects of business on all of the players in a system and is driven to ensure balance between what is taken and what is given.

Finally, the regenerative entrepreneur seeks to reveal and evolve the inherent potential of founding agreements that create the accepted structures within which society operates. The regenerative entrepreneur goes back to the foundational agreements that give birth to a society or organization, bringing new life and understanding to what those agreements mean and how they could become more deeply manifest.

Archetypal roles provide a roadmap for taking on bigger challenges, making bigger promises, and focusing the energy and resources needed to get bigger results.

## *BEING THE CHANGE* REQUIRES A TRANSFORMATIVE FRAMEWORK

Each of the four kinds of responsible entrepreneur uses four dynamic processes called *pillars* because they hold up the platform from which a responsible entrepreneur pursues her calling. The underlying framework is the same for each role, although the specific content changes. As your own work evolves, you will be able to draw on the methods characteristic of each archetype, as appropriate. The four pillars form a system; they are related and dynamically interactive, and you can work on them in any sequence.

Because a responsible entrepreneur seeks to influence large-scale, complex systems, the work you do at each of these pillars will need to be deeper and more sophisticated than it would be were you simply trying to run a good business. Good business is simply the baseline from which to begin. What lies beyond the baseline is what makes the work of a responsible entrepreneur so exciting, rewarding and meaningful.

# Disrupting Industries

A *realization entrepreneur* transforms an industry by renewing its purpose and values. The Warrior archetype, in its highest expression, defends not only the safety of a community and the integrity of its boundaries but also the values and aspirations that it strives to live up to.

A realization entrepreneur cares deeply about the systemic evolution of an industry and has the courage not only to transform her industry but also to transform herself. The realization entrepreneur sets out to do something truly new, something that no one already knows how to do.

### Four Pillars of the Realization Entrepreneur

**Pillar 1: Perfecting an Industry.** The first thing that a realization entrepreneur transforms is her goals — from products that can compete in the market for a good return to products that align more perfectly the aspirations of customers and the success of all industry stakeholders. She works on *perfecting* the match between a product or service and its effect.

Perfecting offerings requires that entrepreneurs develop the capacity for envisioning products that enrich and empower their customers' lives. Customers respond when they experience a business's ability to anticipate what they hadn't yet realized they wanted.

**Pillar 2: Integrity Beyond Reproach.** A realization entrepreneur must also upgrade the sources from which business actions originate. If you want to change an industry, creativity alone won't be enough. You have to also base your actions on a commitment to *integrity* that is beyond reproach. The more transparent you can be and the more willing to grow yourself, the less likely you are to undermine the trust and respect that is needed to fulfill the role of industry transformer.

**Pillar 3: Principled Precision.** The work of the realization entrepreneur requires rigor and *precision*. They maintain this precision with managing principles. They provide direction and guidance for maintaining integrity while pursuing perfection. They also provide inspiration and renewed courage, offering a reminder of why the work is important and what its nature needs to be. Principles foster discernment as workers and citizens become increasingly precise in living them out. They are, after all, lifetime pursuits.

**Pillar 4: Full-Dress Inspection.** Full-dress inspection is about readiness to engage in a wider field of action. When a realization entrepreneur adopts a full-dress inspection, the intention is to get everyone to reflect on how well the company is prepared and whether it is able to be at the top of its game. In companies with a realization entrepreneur culture, it is considered a sign of maturity to stand steady in a full-dress inspection, extracting learning from criticism but also feeling honored to be part of instructing and inspiring others. We admire as great leaders those entrepreneurs who know how to walk this fine line, who remember that a dressing-down is about consciousness-raising and not about humiliation.

### Indigenous Designs: Changing the Fashion and Textile Manufacturing Industries

One day, rushing down a city sidewalk, Scott Leonard accidently collided with a stranger walking home, his arms laden with bags of groceries. Apologizing profusely, he helped the man up and collected his things off the street. The man, Joe Flood, and Leonard quickly established a friendship. Flood, an Ecuadoran, was passionately interested in the plight of his people, and their friendship awakened in Leonard a strong interest in this topic. Together they developed the idea of a textile company that would improve the economic independence of Ecuadoran women living in small villages.

Leonard brought his friend Matt Reynolds up to speed on the Ecuadoran business. As a child, Reynolds had lived in Latin America, and he was very conscious of the ineq-

uities that create poverty in the region. Within two days, Indigenous Designs took off, with Leonard and Reynolds providing guidance and energy and Flood providing connections to village knitters.

In years since, Indigenous Designs has grown into a major supplier of organic and fair trade fashion produced in developing countries in Latin America. Its focus is on helping village women build strong businesses and communities. At the same time, the company has taken on one of the most polluting industries in the world in order to make it more sustainable. It has pioneered the use of organic fair-trade textiles and has become an important supplier for Eileen Fisher, a premier American clothing designer.

Indigenous Designs is fundamentally driven to change how capitalism works so that its effects become systemically beneficial, and to pursue this aim by becoming excellent realization entrepreneurs.

Leonard and Reynolds's original insight was that "you can *perfect* the entire process of creating textiles, from sourcing the seeds to recycling the wastes, by thinking holographically about what supports a consumer's mental and emotional health." For example, wearing clothing made from cotton that has been heavily treated with pesticides or other toxic chemicals can harm the health of the consumer and also cotton growers and ecosystems. This can make consumers feel as if their lifestyles are at odds with nature.

Indigenous Designs maintains a strong sense of *integrity* through a slow and very deliberate cultivation of relationships among key partners. Indigenous Designs' *principled precision* shows up in its premise that when capitalism is uncontaminated, it always produces equity. *Full-dress inspection* is precisely why Indigenous Designs opted to become a business rather than a nonprofit.

Leonard and Reynolds said, "To be this kind of entrepreneur, one who believes that you can change industries, you have to be a little crazy ... Our crazy pill was given to us by an indigenous elder, who told us that if we took one step at a time we would walk far. So we did."

## Upending Social Systems

The role of the reconnection entrepreneur goes beyond products and services that are intended to address current social issues. A reconnection entrepreneur is less interested in symptoms than in underlying causes. So, for example, he doesn't just seek to help disadvantaged kids get an education; he seeks to change the social system so that it no longer produces the disadvantage in the first place. A reconnection entrepreneur gets outside of the issue and asks himself how far upstream he needs to go to make change at the systemic level.

A reconnection entrepreneur understands that if the system isn't changed, future generations will continue to be trapped in the same ways. He connects the present with the future to make the future accessible and intelligible to us. This drives him to challenge and innovate with regard to those systems that prevent the development of people's full potential.

### Four Pillars of the Reconnection Entrepreneur

**Pillar 1: Evoking Conscience.** Conscience is the natural or inherent human capacity to feel compassion and caring for others. It allows us to feel what others are feeling. The reconnection entrepreneur must cultivate the virtue of relentless caring, because this is what will sustain him and give him the tenacity to work in this arena. Though others may judge him, he cannot judge them without losing his effectiveness as a change agent. Occupying the high ground requires caring for the evolution of values in society as a whole and caring for absolutely every member of society.

**Pillar 2: Relinquishing Attachment.** Attachment is the hidden enemy that undermines the development of human potential and the working of human systems. Learning to see and relinquish attachments requires disciplined practice. Catching yourself building an attachment, becoming aware of it before it takes hold, prevents it from running the show. When people work together, any time creativity starts to drop or walls start to rise, there's a good chance that attachments are the culprit. Pause and ask, "What assumptions are we making, and what expectations are we holding? Are they preventing us from moving forward?"

**Pillar 3: Evolving Potential.** A reconnection entrepreneur takes direction from his understanding of how the system he wants to affect works when it is healthy. For example, hunger continues to be a serious problem all over the world. Although stopgap efforts to feed the hungry will be important and necessary as long as hunger persists, the reconnection entrepreneur takes aim at the systems that keep the problem in place. To do this, he must design a business to transform the purposes and dynamics of the existing food generation and distribution system so that its overall potential can be evolved.

**Pillar 4: Destabilizing Thinking to Invite Reflections.** The reconnection entrepreneur seeks to destabilize people's unconscious thought patterns and break their

attachments. The insight this produces creates the possibility for new understanding and conscience. Destabilization can be produced by humor or surprise. One successful method is to ask a question that seems to come out of left field and yet has been designed to get people to see what they've been working on in a new way. The idea is to invite discovery rather than project old ideas into the future.

### Kipp Baratoff: Uniting the Strange Bedfellows of Commerce and Conscience

Kipp Baratoff is the cofounder of Fishpeople, an Oregon company that enables consumers to access gourmet seafood entrees that have been sustainably harvested and made with high-quality, healthy ingredients. Fishpeople's goal is to create a new relationship — to *evoke conscience* — between human beings and the sea, one that is deeply appreciative, personal and mutually beneficial. The company pursues this goal by establishing exceptionally high standards and then working with suppliers to meet them.

Baratoff believes that economic development must start and end locally if it is to *evolve* any real *potential* and staying power.

Fishpeople has developed its culture around a set of values that explicitly endeavors to integrate commerce with conscience. These six values are priced right; convenient; high quality; sustains the oceans; healthy for consumers; and supports fishermen and farmers. They are deliberately introduced into conversations among employees and with suppliers, distributors and customers. According to Baratoff, all six of these values must be incorporated into any decision or action having to do with the work of the company and its place in the world.

Fishpeople recognizes that, if it is to evoke conscience at the organizational level, it has to function nonhierarchically, so that each individual can become wholly responsible for his or her own actions and the actions of the organization. This has required management to *relinquish* any *attachment* it might have had to dictating decisions or the allocation of resources.

Fishpeople organized all of the players from every part of the value-adding process to learn how they were connected and how they impacted everyone else in the stream of production. This has meant that Fishpeople's work can actually *evolve* new *potential* for all of the companies with which it does business.

*Destabilization* is core to Baratoff's strategy, and he uses it intentionally within Fishpeople. Anyone can make a "fish face," which cracks everyone up and reminds them to slow down to think something through more carefully or to treat each other more gently. Destabilization gets extended into the world more generally through Fishpeople's practice of radical transparency.

One of the company's innovations has been to adapt the Quick Response Code (the square digital pattern that allows smart phones to access information about a product or company) to enable any consumer to find out, on any given package of fish, the GPS point where the fish was caught, the captain and the name of his boat, the plant where the fish was processed or packaged, all additional ingredients and where they were sourced, and test results from the specific fish for any chemical residues.

Radical transparency is helping Fishpeople influence the seafood market. It has enabled consumers to become more educated and discriminating buyers. It has put other seafood providers on notice. And it has powerfully engaged distributors, who want to be associated with brands that are recognized for their high integrity and authenticity. Fishpeople is raising the bar on what transparency means.

## Shifting Paradigms and Beliefs

To remain resilient and viable, cultures need to evolve their paradigms and beliefs. The challenge is that there are so few people who can rise above the professional or community world views in which they are steeped to discover and appreciate new or alternative paradigms with culture-evolving potential. This is the work of the Hunter archetype and of the reciprocity entrepreneur.

The reciprocity entrepreneur illuminates the larger whole within which a business is embedded and seeks to integrate the multiple forces and elements that enable that whole to be mutually (reciprocally) nourishing. This includes knowing how to bring into a group whatever is outside of it that will support its health and continued evolution, even if what is needed is split off, alien and feared.

### Four Pillars of the Reciprocity Entrepreneur

**Pillar 1: Wholeness.** Wholeness is the overarching goal of the reciprocity entrepreneur. There are five characteristics of any living whole. A reciprocity entrepreneur can use these characteristics to evoke the experience of wholeness in herself, her product offerings and her interactions. 1) Wholes are *nested* within other wholes and are themselves nests for smaller wholes. 2) Every whole can be changed by intervening at a *node*. This means that it is possible to change a multiplicity of energy streams by fo-

cused engagement, thereby changing it all. 3) Every whole has a unique *essence* that defines it and without which it would not be itself. 4) Wholes can be understood only by *imaging* them working, rather than by dissecting them into parts. 5) A whole always serves a *purpose* with regard to the health and evolution of systems that it is nested in.

**Pillar 2: Significance.** To get up above the distractions and pressures of daily operations and see what really matters, a reciprocity entrepreneur has to shift scope. She has to step up one or two levels of system beyond what she would ordinarily be expected to consider her territory or responsibility. In the world of the reciprocity entrepreneur, significance is defined from the perspective of stakeholders and what makes it possible for them to make contributions to larger wholes. Creating this image of interrelated stakeholders in the minds of the people internal to your business enables them to better comprehend systems and understand the meaning that their decisions will have for your stakeholders. They can then see how they are contributing to significant change in the larger world simply by showing up at work every day.

**Pillar 3: Destiny.** Destiny is defined as "the events that will necessarily happen to a particular person or thing in the future." A reciprocity entrepreneur seeks to understand how a system, if it is to remain true to itself, will necessarily behave and what it will necessarily become.

**Pillar 4: Camaraderie.** A reciprocity entrepreneur works to build camaraderie as her primary instrument for creating change within a system. This is because so much of her work is about overcoming the fragmentation that arises from the ways we put people into boxes and then shun them for not being like us. Camaraderie enables a team to unite in the pursuit of ambitious change efforts. Within the work of a reciprocity entrepreneur, it needs to be intentionally cultivated, sustained and directed.

### Annalie Killian: Paradigm Change in Post-Apartheid South Africa

As a native South African, Annalie Killian knew that for her country to pursue its *destiny,* "Equity needed to become universal." Billiton Aluminum, part of the global BHP Billiton Group, was in the middle of building the largest greenfield aluminum smelter in the world and had constructed a work camp for the 35,000 laborers needed on the project. Killian saw a major opportunity for the company to anticipate and prepare for the end of apartheid, and she convinced management to completely rethink how to use this camp and its facilities at the end of the project as an engine for community development.

The plan had been to tear down the camp and sell it for scrap once smelter construction was completed. Killian proposed that it instead be repurposed as a community college campus and small business incubator. Her ambition was to help grow the economic, educational and self-governance skills of the black population so that it could flourish in the new South Africa, thereby ensuring a peaceful and prosperous transition for all.

For BHP Billiton's black South African workers, *significance* came not only from becoming self-determining but also from contributing to the future viability of their communities. Supported by ongoing education, this direct control over their own destiny through their first community foundation finally gave people in Zululand a real voice in how their community was developed.

Killian has learned that *camaraderie* has to be grown through sustained effort and meaningful interaction within a shared commitment. She immediately saw that converting the BHP Billiton construction camp into a vibrant campus would enable diverse nonprofits, educational groups, business startups, foundations and government agencies to create the scale, duration, frequency and intensity of contact that would foster pulling together for a common vision that went far beyond tribal or racial divides. This has allowed the project to successfully outlive her own involvement and even the active participation of her company.

## Revitalizing Founding Agreements

Headmen and Headwomen are interested in the core purpose of governance, which is to provide the structure, stability and opportunity to enable a people to express its true potential. Time and again, they direct their people's attention to the deeper meanings behind the organizing principles of the institutions to which they belong in order to offer a new experience of what these institutions are really for and what they have the potential to be.

As a Headman, a regenerative entrepreneur revitalizes his community through images and stories that remind people of their lineage, their origin, and the times when they have all stood together. This helps people remember what really matters and who they really are.

### Four Pillars of the Regenerative Entrepreneur

**Pillar 1: Transformation.** Transformation is the overarching goal of a regenerative entrepreneur. Transformation literally means to enable something to go beyond its current form in a way that is irreversible. Once you bake a cake, you can't unmix the ingredients. For the regenerative entrepreneur, this change of form is always intended to enable an entity to generate more value than it could in its prior form.

**Pillar 2: Accomplishment.** For a regenerative entrepreneur, the real purpose of business is to enable the accomplishment of his downstream customers and other stakeholders. For example, rather than measuring his own yields or waste, he measures the increase in his customers' success with regard to yields or waste.

Accomplishment comes from making the difference others are counting on you to make. The focus is on helping everyone you interact with become better able to add their value. This is the value you bring to them.

**Pillar 3: Impossible Dream.** Regenerative entrepreneurs hold themselves to a standard based on the understanding that all entities affected by a business are evolving toward their own uniqueness. The challenge for them is to "Do what's right for all through doing what's right for each." This is very different from trying to do one thing that is right for everybody, and as an idea that is alien to most business decision making, it is a sort of impossible dream. But what started out as impossible can change the world.

**Pillar 4: Dialogue.** The regenerative entrepreneur works on change through skillful engagement rather than top-down directives or simplistic participatory processes. What distinguishes a regenerative level of work is developmental dialogue. Developmental dialogue starts from the premise that no one knows the answers to the most important questions. They must be discovered or revealed through the engagement itself. This promotes intellectual curiosity, self-awareness and, at its best, deep caring about the outcome. Genuine dialogue destabilizes our certainties and allows something new to enter our thinking.

## Rebuilding a War-Torn Nation

When Shainoor Khoja arrived in Kabul, Afghanistan, in the fall of 2003, she found a city devastated by war. She had come to start a business that could help rebuild a country — an *impossible dream* that she had pursued for years. Infrastructure for utilities, transportation and communications was virtually nonexistent, let alone services like health care and education. This made it impossible to create enough economic growth to generate the tax revenues needed to rebuild.

Khoja and her funders believed that it would be necessary to rebuild faith in the possibility of nationhood and self-governance. They were seeking a means to make this real for the Afghan people as a practical matter in their daily lives. They came to recognize that the reestablishment of self-governance would require building the kind of basic infrastructure that allows people to take charge of their lives in ways large and small. This is why they decided to focus initially on telecommunications, which offered a kind of scaffolding from which other infrastructure could be developed.

AKFED, a private fund of the Aga Khan Foundation, provided the initial capital to establish Roshan Telecommunications and build an extensive network of cell towers. Since then, it has grown into the largest nonmilitary employer in Afghanistan. It sells phones and services to consumers, as well as infrastructure access to other providers.

Eventually, local residents could see that the phone services they were purchasing from local owners were generating a stream of revenue that was flowing back into the community in the form of social benefits. This awakening to the possibility of being able to shape one's own destiny was the *transformation* that the company wanted to bring into existence. Afghanistan still suffers the effects of prolonged war, but Roshan is providing an experience of a different kind of narrative *accomplishment*. Ordinary individuals can do something about conditions in their communities, and they can begin to trust and work with one another toward common purposes.

Roshan has also been exceptionally successful at gently initiating *dialogue* among previously antagonistic groups. The sports fields it has built are explicitly open for all, and Roshan has also established schools to serve both boys and girls wherever it has a business location.

## Conclusion — Time to Walk Your Talk

The key to getting started is finding or convening a community of people who, like you, are pushing themselves to affect a larger arena. By community, I mean people who come together intentionally to evolve their thinking in a disciplined and reflective way. When human beings come together to challenge and assist one another in living up to this kind of aspiration, there is no reason why they can't turn the world onto the healthier course that is so urgently needed.

### RECOMMENDED READING LIST

If you liked *The Responsible Entrepreneur*, you'll also like:

1. ***The Responsible Business*** **by Carol Sanford.** Sanford demonstrates how to make responsibility integral to all aspects of a business as an engine for innovation, profitability and purpose.

2. ***Disciplined Entrepreneurship*** **by Bill Aulet.** Aulet's step-by-step approach will allow intrepid entrepreneurs to quickly and efficiently iterate their way toward the best solutions.

3. ***The Pumpkin Plan*** **by Mike Michalowicz.** Inspired by an article about how to grow a giant pumpkin, Michalowicz modified the step-by-step approach to grow a business. Using it, he transformed his own business into a multimillion-dollar industry leader.

· Book 60 of 67 ·

# Thirteeners

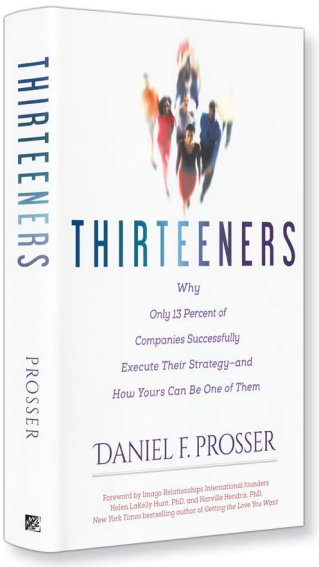
Soundview Executive Book Summaries

soundview
Executive Book Summaries®



# Thirteeners

## Why Only 13 Percent of Companies Successfully Execute Their Strategy – and How Yours Can Be One of Them




by Daniel F. Prosser

### THE SUMMARY IN BRIEF

In today's corporate world, 87 percent of companies fail to successfully execute the strategy they set for a given year. CEO mentor and coach Dan Prosser shows you how to make your company one of the other 13 percent — a Thirteener. In the process, he explains that the true challenge of building a great company — one that consistently executes its strategy — is understanding the real nature of human interaction and the key to success: connectedness.

Whether you're a successful CEO, business owner, entrepreneur or leader, or whether you're struggling to build the business you've always wanted, *Thirteeners* will help you transform your organization's internal connectedness so you can achieve the next level of performance you're looking for, create a workplace environment that supports your vision and assures participation by every team member, and produce breakthrough results.

With a focus on business as a network of interrelated conversations and through groundbreaking "Best Place To Work" company research, Prosser demonstrates what you need to do to transform the way your employees think and act, to achieve unprecedented levels of performance for your company.

### IN THIS SUMMARY, YOU WILL LEARN:

- Why conversations control everything in your business.
- The 10 conversations that create a connected organization.
- How the Execution Virus can infect your business and how the vaccine of truth can heal it.
- Key concepts of the Breakthrough Solutions Framework.

### CONTENTS

**How to Invent the Impossible**
Page 2

**The Connection Points**
Page 3

**Isolate the Execution Virus and Apply the Vaccine of Truth**
Page 4

**The Breakthrough Solutions Framework for Your Business**
Page 5

**The Connected Leader Meets the Connected Company**
Page 8

Published by Soundview Executive Book Summaries®, 511 School House Rd., Suite 300, Kennett Square, PA 19348 USA
© 2015 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited. • www.summary.com
Vol. 37, No. 5 (3 parts), Part 2, May 2015 • Order #37-11

# THE COMPLETE SUMMARY: **THIRTEENERS**

**by Daniel F. Prosser**

**The author:** Daniel Prosser, as CEO of The Prosser Group, has over 40 years of experience as an entrepreneur CEO, speaker, teacher and mentor, coaching business leaders, entrepreneurs and micropreneurs to cultivate an uncommon approach to building an extraordinary competitive edge.

*Thirteeners: Why Only 13 Percent of Companies Execute Their Strategy — and How Yours Can Be One of Them* by Daniel F. Prosser. Copyright © 2015 by Daniel F. Prosser. Summarized by permission of the publisher, Greenleaf Book Group. 272 pages, $22.95, ISBN 978-1-626-34159-3. Summary copyright ©2015 by Soundview Executive Book Summaries® www.summary.com, 1-800-SUMMARY. For more information on the author, go to www.summary.com.

## SECTION I: CONNECTEDNESS AND CONVERSATIONS

### How to Invent the Impossible

Amazing things happen when you are willing to declare the impossible to be possible — without any idea how you're going to make it so. Everything is a function of the types of conversations you engage in. And the conversations that create every dimension of your life are the conversations that cause your business to succeed or fail.

Before your business came into existence, there was a founding conversation, and today you continue to manage your business with conversations. And while conversations appear to happen one at a time, in fact they rarely exist as singular entities. Our day-to-day interactions are made up of interconnecting conversations. Business is a network of interrelated conversations.

There are conversations you are aware of and others you are unaware of and, as a result, pay little or no attention to. Yet those unacknowledged conversations undermine and sabotage your business; they act like a virus that infects your vision, your mission and the strategy you're trying to execute right now.

Conversations have within them the ultimate power to make things be the way you say they're going to be. Creating an awareness of conversations is one of the biggest challenges in your life and your business.

### The Conversation in Which You 'Say How'

Here is an example to help you understand how the power of words — the conversation — determines the outcome.

The *Summit Daily News* reported two Summit County snowboarders rode away with $3,600 in cash as the grand-prize team winners of the "Challenge" at the Keystone ski resort. Prophetically, 26-year-old Nick Gearhart and 25-year-old Bill Pomeroy had named their team "The Team That Just Won $3,600."

Nick and Bill had an outrageous plan to compete for the chance to split $3,600, and they actually had the courage to declare the outcome of the event weeks before it would take place. How overconfident is that?

In effect, what Nick and Bill did that day was to put a stake in the ground and declare a future outcome — a conversation they put into their team name. The decided to forget about playing it safe by looking good in front of their buddies and instead took an extraordinary risk to have something they were committed to. They were determined to say how it was going to be.

They knew they had work ahead of them, but the die was cast, and the only thing left was to follow through on what they had given their word to do — close the gap between their words and reality.

These two snowboarders had invented the most powerful conversation — a conversation to shape the future. The key to their success was their declaration of the final outcome.

Outcomes only become possible when you are willing to declare it to be possible — with absolutely no evidence that it is — and then take the actions that are missing and that are consistent with your commitment. Your words only gain power the moment you are willing to say *how* it is going to be and then take the actions to have it be that way.

When you change your language, the words you choose literally change your perspective. And when you

SOUNDVIEW **1-800-SUMMARY** **service@summary.com**

**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 511 School House Road.,Suite 300, Kennett Square, PA 19348 USA. Published monthly. Subscriptions starting at $99 per year. Copyright © 2015 by Soundview, Inc. **Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Ashleigh Imus**, Senior Editor; **Amanda Langen**, Graphic Designer; **A. Imus,** Contributing Editor

change your perspective, you change what is possible in your future.

Begin to *say how*: Right now, state your desired outcomes for your business, your customers and your employees as if those outcomes already exist. If you change the way you look at your business, the business you're looking at will change. Just by changing where you're standing, you will begin to see things that weren't visible and available to you before.

## The Connection Points

For you to gain the best results in your workplace, you will need to become consciously aware of the network of conversations in your organization that impacts your employees' ability to connect and perform.

If your organization is fully connected, power can flow through the entire network of conversations. If not, the network will cease to operate, like an electrical device with a short circuit. In the workplace, a lack of connectedness prevents the organization from creating and utilizing the power it needs to achieve its strategic plan. Even worse, the wrong connections can destroy the enterprise's ability to function properly. Connectedness that makes the network work; this is the physics of your organization.

### What Is Connectedness?

Who you are as an organization is largely determined by how you connect with people, both internally and externally. But how do you experience the reality of connectedness?

The psychiatrist Dr. Edward M. Hallowell offers the following distinction: "[Connectedness] is a sense of being a part of something larger than oneself. It is a sense of belonging, or a sense of accompaniment. It is that feeling in your bones that you are not alone. It is a sense that, no matter how scary things may become, there is a hand for you in the dark. While ambition drives us to achieve, connectedness is my word for the force that urges us to ally, to affiliate, to enter into mutual relationships, to take strength and to grow through cooperative behavior."

While there are a multitude of hidden, disconnecting conversations that serve to sabotage company performance, there are just a handful of connecting conversations. The ability to manage these conversations between employees and managers is the best indicator of a great workplace with a culture of high performance. They shape the way people connect and help the organization produce breakthrough results. These 10 conversations are for — not about — Contribution, Acknowledgment and Appreciation, Alignment, Accountability, Communication, Relatedness, Responsibility, Integrity, Possibility, and Fun, Rewards, Gratitude.

## SECTION II: VIRUSES AND DISCONNECTORS

## What an Execution Virus Is and How It Infects and Disconnects Your Business

A meme is a unit of transmission of cultural ideas, symbols or practices. It facilitates the spread of such things from person to person through writing, speech, gestures, rituals and so on. Meme theorists look upon memes as analogous to a culture's genes in that they self-replicate, mutate and respond to selective pressures. It's also critically important to note that some memes may replicate themselves and spread even when they prove harmful to their hosts.

The application of meme theory to the workplace is fascinating because just as a species' genetic code plays a role in its survival or extinction, memes — the genetic code of the workplace — play a role in the survival or failure of your organization. In the workplace, limiting memes exist through a system of hidden conversations that affect which information is created, interpreted and disseminated. These memes form what is called the Execution Virus. A conversation that has become a viral meme in a company is an Execution Virus. Hidden, viral conversations cause employees to become disconnected from their company's mission and purpose, thus producing poor results.

Here are the 10 conversations that always obstruct performance:

- "It's not our strategy."
- "They don't appreciate us."
- "They're always making excuses."
- "Did you hear what (Team Member A) said about (Team Member B)?"
- "What mission statement...and why should I care?"
- "They treat us like shit."
- "It's the same old story."
- "Because he's (or she's) the boss. That's why."
- "We've always done it this way."
- "The boss is watching, so just don't screw up."

Before you as the leader of the company can address that problem, you must first discover what is causing

employees to feel powerless. Looking in the mirror and finding out what you're doing to cause your company to become disconnected and infected with an Execution Virus is the first step to replacing the Execution Virus with a new meme that creates a connected, successful company.

## To Fix Your Disconnected Company, Look in the Mirror

Any transformative initiative in a company demands that the key leaders of the company be willing to examine their own behavior first. Only then can they start helping those who work for them formulate a better approach to executing company strategy.

In thousands of companies, the boss considers him- or herself to be above the employees and therefore entitled to behave in any way he or she sees fit, regardless of the impact. That attitude of "you are here to serve me" reduces the employees to doing only one thing well: working hard to avoid upsetting the boss. Such behavior creates a major disconnect between the employees who have to endure it and the strategy that the employers want to execute. No employee thinks about how best to support the company's strategy when the focus is on surviving in a toxic workplace.

This kind of disconnected company is called a "looking-glass company" for two reasons: If the leaders of the company would look in the mirror, they would see the source of the majority of their company's problems. And employees reflect the thinking and behavior of their leaders. The leaders in these businesses refuse to examine themselves and their own behavior as the source of their organization's poor performance. As a result, they will likely never achieve their full potential.

A rudderless and drifting organization like a looking-glass company isn't *for* anything. It's *about* the owner. It rarely takes into consideration anyone but the founder or anything other than the founder's ego and financial needs.

## Isolate the Execution Virus and Apply the Vaccine of Truth

Memes will not be visible until you (not anybody else) expose them and you (not anybody else) reveal the truth about them and their impact on you and your employees' vision, awareness, connectedness and accountability — the critical components of the complex evolving system that is your company.

What vaccine can you give your organization to help it build a resistance to viral memes? The positive meme that acts as a vaccine against all the negative memes is the truth. Not just any truth, but the truth about your company's past performance and the exposure of any secrets, past and present. This truth needs to cover your most outrageous stories of success, your fabrications, your transgressions against and conduct toward others, and the business secrets that you think your employees don't know (although they most likely do).

Though a negative, limiting meme can never be removed, it can be replaced with a positive meme through the following four-step process:

- Tell the truth about your past — good and bad.
- Identify the limiting and negative viral conversation — the meme — that represents your employees' interpretation of all past failures.
- Declare a positive future — a newly invented positive meme — to take the place of the negative viral meme. This is the truth of who you are, and it results in a powerful stand for the possibility of your shared future.
- Adopt a system to keep the positive meme active and replicating throughout your organization.

### Are You Leading or Just Pretending?

Ask yourself this fundamental question: "Am I truly committed to cultivating who I am as a leader for the future, or am I more interested in — and committed to — reinforcing the chronic pretense of my leadership and expecting everyone else to make the changes needed?" That question may seem harsh or cynical, but most organizations today aren't going to survive the next five years unless their leaders realize that it's *their* thinking and *their* behavior that most stands in the way of their organization's success.

Leadership is about stepping out of your comfort zone — getting out of the box — and the irony is that the instructions for getting out of the box are outside the box. Until you recognize that your true value as a leader is in your ability to lead an inquiry into the solutions for your organization (and not try to provide all the answers), you are doomed to repeat your own bad decisions and those of others who came before you. A more powerful future is infinitely possible, but to own it, you must be willing to give up the pretense that as a leader, you always need to know the answers. Instead, you must begin to learn how to ask the right questions.

## SECTION III: HERE BE DRAGONS

# Stepping Out of Your Comfort Zone

Now it's time to take the second step: getting both feet out of your comfort zone and into the unknown.

Most people are invested in not failing, and they've taught all their employees to value that course over taking any kind of risks that have the potential to pay off. Everyone's doing it, and it's costing them on a grand scale. The leading causes of failure to execute business strategy are (a) the unwillingness of business leaders and their followers to change their thinking from "avoiding failure" to "standing for something that seems to be impossible to achieve" and (b) the invention of conversations that support that avoidance-of-failure thinking.

All business strategies fall into two basic categories:

**Rower Strategy:** Operating from the past or reacting in ways that are based on fear of failure, like someone who's working hard but getting nowhere fast because he's rowing upstream, trying to get away from the dangerous rapids downstream. And he's all by himself in the boat.

**Grower Strategy:** Focusing on building and generating from a perspective of the future — a view that is declared by saying how it's going to be. A Grower Strategy is about inventing something from nothing. That means if you think you already have the answer to your strategy-execution issues, you are stuck in Rower Strategy, and the Execution Virus is determining your future. Instead you need to be investigating what's possible at all times. Grower Strategy is not about your knowing the answers — it's about discovering the future you want.

### Chaos: The Great Transformer

The fundamental reason why so many leaders don't lead their teams to the finish line in executing their strategy is that they can't tolerate the discomfort that comes with the chaos when things aren't happening as planned. Chaos is not an issue most organizations are keen to address; it's easier to address the crisis of the moment than to address the feeling of disequilibrium that comes along with the feeling of chaos.

The biggest mistake business leaders make in chaotic situations is rushing to judgment. They try to make sense of the situation and then immediately react. Unfortunately, the first decisions made in incidents like this tend to be the worst decisions. They are the ones leaders have to make amends for later.

If you want to create an organization of innovation and creativity, you need to allow and even introduce the tension that comes with or causes chaos. Noted scientists G. Nicolis and I. Prigogine have shown that when a physical system is pushed away from equilibrium (in balance, symmetry and stability), it survives and thrives, while if it remains at equilibrium, it dies. Systems that are out of equilibrium are forced to explore their space of possibilities, and this leads to new patterns of relationships and structures. An organization that embraces chaos is healthier than one that hangs on to equilibrium, and it can achieve a new level of performance.

# The Breakthrough Solutions Framework for Your Business

Transformation is the process by which you completely reinvent your thinking, your actions and who you are. It's like the process of a caterpillar turning into a butterfly. A butterfly is not a better or more improved caterpillar; it's an entirely different animal that has undergone a transformation.

The fastest way through the transformation process in your business is to adopt the three foundational concepts of the Breakthrough Solutions Framework (BSF) for altering the way you relate to your business future. Think of them as the legs of a stool you can calmly sit on in the middle of chaos so that you can see what you need to do to start transforming your organization.

**BSF Concept #1:** Perspective is everything. To transform your company, transform your perspective of it and your view of its place in the world.

**BSF Concept #2:** Business is a conversation given to you by the view you have of your business, driven by your relationship to circumstances and the experience of chaos you so detest. So, accept that you can't avoid the circumstances your business faces, and so instead, you need to change your relationship to them.

**BSF Concept #3:** All actions and results in business are determined by memes, which are specific conversations that get created internally and can either undermine and sabotage your intentions or connect your company so that it can execute your strategy.

## SECTION IV: THE BLUEPRINT FOR BUILDING A THIRTEENER COMPANY

# Get Set: Setting the Stage for Your Transformation

If you look at how a house is built, there's a blueprint that provides the layout or the primary instructions for building the framework of the house. Once the framework is established, you then put on your choice of a roof, doors, windows and walls. Then you can decorate it and move in. The Breakthrough Solutions Framework serves essentially the same function, yet the framework gives the flexibility to modify the final creation or outcome. It's like putting on a different roof, doors, windows and so forth each time.

The Breakthrough Solutions Framework was developed around five things that are missing (singly or combined) in almost every organization: vision, awareness, strategy, accountability and a culture of connectedness.

### The ConnectionPoints Promise-Based Strategy and Execution Management Process

This process can be broken into four stages in this order:

**Breakthrough Vision:** Declare a seemingly impossible future for you and your business to achieve.

**Revelation in Awareness:** Disconnect your new future from your past results and judgments.

**Breakthrough Strategy:** Uncover the execution gaps that need to be closed to produce results.

**Breakthrough Accountability:** Execute: Establish an accountability system to support you in executing your strategy and making sure all your planning doesn't disappear over time, as your old ways of thinking try to take back over.

Upon completion of the four-step process, the organization then moves into a fifth stage of building and sustaining connectedness, using the ConnectionPoints.

**Culture of Connectedness:** Contribution, acknowledgment, alignment, accountability, communication, relatedness, responsibility, integrity, possibility and fun/rewards/gratitude.

# Stage One: Declare Your Future

It is said that a journey of a thousand miles begins with one step, but let's go above and beyond here and give you the first four steps.

**Step One: Break with the past.** The first step in the ConnectionPoints process is to make a complete break with the past, and the only way to do that effectively is to acknowledge what happened in the past and tell the truth about it — the good, the bad and the ugly. When you ask your team members to describe five or six events from the past year that boosted their spirits or that they are proud of, they are immediately disarmed. They expected you to start your planning by launching into what's wrong with performance and, by association, what's wrong with them. Do the opposite by leading off with the good, and that will set the tone as you work together on aligning on your new future. It will help you deal with the bad and the ugly in due course.

**Step Two: Declare and map your future.** Declaring and mapping your future is the first step in shaping what is not already (nothingness) into what is desired (somethingness). Mapping the future is about the design of ideals, principles and values. It's these factors that determine how people will view you in the future — and how you will view yourself. By itself, a map of the future is just words. But when you take those words and create your impossible vision for the future, you will have a powerful platform to launch any project and produce any outcome you desire.

**Steps Three and Four: Declare what is ultimately possible in that future, and identify the overall outcomes you are committed to.** So, what future would you be willing to have? Even if you can't actually see yourself there, where would "there" be? Swing out and think big. Thinking is free. Can you imagine something that your mind actively resists envisioning? Listen to yourself, because that is the future you want to create.

When you say to yourself, "Oh, I can't do something like that," then you know you're on the right track! Perhaps you're being held back by a concern for what others would think of you for envisioning this future. "Can't" is not a word for this work.

# Stage Two: Disconnect from Your Past

In Stage Two, you begin to venture into your past so you can tell the truth about it and — most important — release your attachment to it. The fear of repeating the past runs the lives of almost all business leaders, and it explains why you don't have the results you want. If you're unwilling to let go of your past, then that's what you're going to have to settle for.

But creating a future is a lot simpler than your past would mislead you to believe. The negative viral memes that make up the Execution Virus in your workplace are a reflection of your past. If only you were saying those memes out loud rather than being unconscious of them, they would have no control over you and the execution of your strategy. Exposure of your memes is the most essential part of the process of disconnecting from your past so it won't dominate your future.

Right now, you might want to make this your mantra: "There is no past. There are only the conversations I have about the past that dominate my actions and thwart the future I say I want." Once you're completed Stage Two, you will have your power back.

## Stage Three: Mind Your Gap

Reverse salient is a military term. It refers to a backward bulge in the advancing line of a military front. If the enemy establishes a stronghold and is able to push part of an advancing front backward into itself, it creates a reverse salient.

In business, reverse salients are the weaknesses in the systems we operate within, and more important, they are where opportunities are located. Without identifying the reverse salients, many innovators in business would not have been able to see where to focus their efforts to create the amazing world we live in.

Identify these weaknesses in your business, and you have the foundation for making progress within your organization and for focusing on the innovations that will give you the greatest opportunity for success.

To bring the reverse salient concept into the present day, a new future for any organization is not possible without identifying a gap, a breach or an opening that a new future will emerge from. Without this gap, which only you can generate, only the past is possible because nothing is needed or wanted; there are no reverse salients. If it's not possible to perceive a gap, then there is nothing for you to cause into existence. Transformation begins and ends in the gap you create and stand inside of.

Mapping the gap is one of the most important elements for executing a future-based strategy. Now that you've identified the future you are committed to (Stage One) and you've cleared the past out of the equation by telling the brutal truth about it (Stage Two), you can begin to explore your gap. You want to lower yourself into the abyss — go through the funnel, step into the gap, and find out what's missing that you couldn't see while negative viral memes were running the show.

## Stage Four: Establish Real Authentic Accountability

In Stage Four, you will analyze, understand and negotiate new processes.

The outcome of business operations is the harvesting of value from assets owned by a business. Assets can be either physical or intangible.

One of the greatest unrecognized assets of your business is an act of speech called "A Promise to Take Action." Have you ever considered a promise to take some kind of action as an asset, let alone valued it as such? Probably not. Yet people in your company are making promises all day long. There are overt promises that people agree to make, and then there are the actions they take to fulfill their promises. Promises are intangible assets. How effective are you at wringing the value out of them?

### What Is Accountability?

What does it mean to be accountable? Put differently, what does it mean to be count-on-able? Few people really know; and implementing accountability is a struggle when we don't even know what it is.

It starts with leadership. How can any organization hope to accomplish its mission when the leader struggles to get people to commit to take action and then fails to hold them accountable when they don't? What do you imagine that does to the future of your company?

Accountability might be characterized as the actions that people are assigned that would be consistent with the mission of the organization. For example, if it is the mission of the organization to provide services, then it is someone's accountability to make sure team development, marketing, sales, service and so forth are in place. Being accountable requires that people be count-on-able. This means making promises and keeping promises. People who are count-on-able are good for their word. They do what they say they will do.

### Five Steps to Effective Promise Management

Promises are critical assets that you need to manage as effectively as you manage other asset resources in your organization. Here's how:

**Make promises.** Make clear promises to take action and produce a result that will move you and the organization closer to annual and/or monthly goals.

**Publish promises.** Issue promises publicly so that everyone can see who's pulling his or her weight. Attach promises to something that's tangible and visible to everyone so there's no question that a promise was made. There are no hidden or side deals.

**Journal promises.** Keep a journal of promises so they don't disappear or go out of existence.

**Act on promises.** Complete promises on time to maintain integrity. If that doesn't happen, find out what's missing that prevented the promise from being kept. No shaming should be done for nonfulfillment.

**Measure promises.** Feedback is the critical element of consistency and reinforcement.

Accountability is something you declare you are taking on because you said you were taking it on, not because someone else is demanding that you do so. People can make requests all day, and you can accept those requests. But unless you determine that you are going to be accountable for the action you have promised, no one can give you accountability for anything. Accountability is up to you.

## The Connected Leader Meets the Connected Company

Unstoppable and connected leaders don't rely entirely on strategy to build their organizations; they leverage the principle of connectedness. Unconscious and disconnected leaders are reactive, behave automatically and are at the mercy of circumstances they can't change. Consciously connected leaders act intentionally and cause things to happen to stay on purpose.

As a consciously connected leader, your objective is to transform your organization and your teams into a "connected culture" by bringing conscious connectedness to the execution of strategy. At the core of transformation in your company is the transformation of yourself into a consciously connected leader.

### The Consciously Connected Leader

A consciously connected leader

- Supports the team and finds ways to remove barriers, so the team's work gets done faster and more effectively.
- Helps subordinates discover something for themselves and in the process become bigger (not smaller).
- Knows that benevolence goes a helluva long way.
- Never dismisses anyone from employment without first understanding and working through the core source of why that person is struggling.
- Doesn't shy away from setting unreasonable goals.
- Continues to look at the whole while making decisions that will only impact one area.
- Knows that success it not always about financial results.
- Always assembles the right people to get the job done.
- Trusts his or her employees because they are the ones closest to customers.
- Doesn't try to do it all.
- Never criticizes employees in front of others, whether they are direct reports or not.
- Acts with speed to allow employees to see that things are happening and acknowledges the source of the idea, giving all the credit away.
- Gets people to make promises and holds people accountable.
- Measures the keeping of promises.
- Empowers the leader of problem-solving workouts to make decisions on the spot and then elicit commitments from people with "by whens" (a date by which something is promised) to see them completed.

### The Consciously Connected Company

A consciously connected company (a Thirteener) has consciously connected employees. These employees are connected to the company's vision, comprehend the opportunities that are available to them and for the future of the organization, have a clear understanding of what mission-critical actions are needed to achieve those opportunities, and will execute the organization's agreed-upon strategy.

If you have consciously connected employees, you have the makings of a consciously connected business culture, one in which employees have a passionate commitment to each other and to the company's vision.

### RECOMMENDED READING LIST

If you liked *Thirteeners*, you'll also like:

1. ***The Learned Disciplines of Management*** **by Jim Burkett.** Jim Burkett presents a framework of individual disciplines that form a self-reinforcing management system for making the right things happen.

2. ***Choosing Change*** **by Susan Goldsworthy, Walter McFarland.** *Choosing Change* provides a framework called the Five Ds to compare key elements to be aware of during both individual and organizational change.

3. ***The Advantage*** **by Patrick Lencioni.** Patrick Lencioni's first nonfiction book provides leaders with a groundbreaking, approachable model for achieving organizational health.

· Book 61 of 67 ·

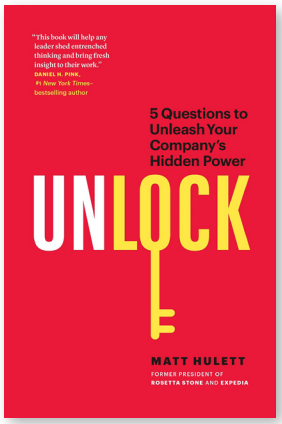
# Unlock

Matt Hulett

soundview
Executive Book Summaries®

# Unlock

## 5 Questions to Release Your Company's Hidden Power




*by* **Matt Hulett**

## Contents

Alignment To Market Growth Trends
*Page 2*

Timing
*Page 2*

Your Track Record
*Page 2*

Planning
*Page 3*

Momentum And Your Key Insight
*Page 4*

## THE SUMMARY IN BRIEF

Author Matt Hulett's specialty is moving into business situations where something is broken and needs to be fixed. Maybe the company is in the wrong business overall, or the strategy is bad—or really, maybe everything is just bad. Not enough capital, or the CEO and founder is the wrong fit. Whatever it is, something's wrong, and it's Hulett's job to fix it.

In ***Unlock***, Matt Hulett walks you (the business leader) through five key questions that will help you determine whether you can unlock value for your company. You can change your market position. You can pivot, turn around, and/or refocus your growth business. You can change your course. You can change your destiny. You can drive a new destiny for your business and for your career.

If you take away one thing from this book, let it be this: You need a plan. That is easy to say, but how do you create it? With this book, you can determine if your business has the potential to change its trajectory, whether you are at the helm of a cash cow or a startup.

## IN THIS SUMMARY, YOU WILL LEARN:

- The importance of aligning to your market.
- Timing can make or break an outcome.
- The importance of understanding your company, inside and out.
- That thorough planning yields results.

## Alignment To Market Growth Trends

Is the market big and growing? This helps you identify if the total addressable market (TAM) is large enough for your business to grow. A $1-billion-plus addressable market is important because you need a high enough ceiling in a marketplace to operate. If your market is small and crowded, you're going to have compression. The market may be attractive, but that compression inevitably means that you will have new and existing entrants all competing for your customers, suppliers, leads, etc.

### Market Definition

You have to look at the TAM, the SAM (serviceable addressable market) and what percentage of each market you can obtain. Those three numbers mapped over time should give you a strong sense of whether you have found a compelling business proposition with a large enough operating pond.

You might have heard of Rosetta Stone—pioneers who created the world's first digital language-learning software. What does this have to do with the total addressable market? Well, most of the investment in the language business was focused on the enterprise language-learning space. This market is much smaller than the consumer, K to 12, and kids' markets. The company had focused on this segment because they believed that they weren't going to be successful in the direct-to-consumer space.

The way we approached it was to not just look at the TAM and SAM. We also wanted to identify any competitive advantage—and the main one was our brand. We looked at the North America language SAM and then did some deep customer research that showed there was a subset of this market that was perfect for our offering. The point is to identify how you're targeting the market—not just the whole addressable market but the part of the market that is serviceable. That enables you to delineate between features pricing and packaging and identify the right customer wants and needs for the market you're going after.

## Timing

Are the dynamics of the market favorable to you? This is about timing of market entry and whether the right conditions exist for you to win. Timing is the hardest question to answer, especially if you're an early-stage company. You are often too early or too late if you're a newer player.

### Timing is Everything

It takes both intuition and data to determine if you can time a market just right. Solving this Goldilocks problem of not being too late or too early to a market is going to take a keen perspective on the market that will be counter-intuitive to what everyone else is doing—and it will be scary for you as the leader, executive, and entrepreneur. If you're an early-stage business or a big business that's looking to pivot into an early-stage capital investment, you must be aware of being too early.

Think of any mobile company that you use today. I remember 1999, the year I started using a service called Kozmo. I could buy a can of Coke at one in the morning, and it would be delivered to my door for a miniscule service fee. The unit economics didn't make sense at the time. Fast-forward to today with Uber Eats or Postmates. Same idea. Different form factor and different economics.

## Your Track Record

Do you have a good track record in this space? You'll know if you have product/market fit. You'll have a good sense of your momentum getting customers, working with suppliers, beating the competition, etc.

### Supply Chain Position

You can unlock value by controlling supply, extracting more margin from supply, and offering a diversity of supply. This is critical as you assess whether you like your position. Supply dynamics typically do not get enough discussion. They are critical when you are looking for ways to unlock value in your business.

The Epic Games versus Apple lawsuit of August 2020 is a perfect example of a developer versus aggregator battle. Epic Games, which makes the epically popular game Fortnite, felt they could afford to bypass Apple's ecosystem. Apple has an offensive strategy (since they covet the 30 percent fee on their platform) and removed Fortnite from their platform. Many times, you see this develop when you have a strong brand bypassing a supply chain, feeling like it can pull margin back into the business because it's a branded experience that's unique. Epic thought they could bully Apple. At the time of this writing, the case is not yet settled. Although the winds of US antitrust law are blowing very strongly against Big Tech, my guess is that Apple will have to acquiesce; the legal arguments on developer commission will be strong enough to sway the courts.

### Customer Value Analysis

You must be clear on what value you are delivering to your customers. And be clear how your customer value proposition maps to your strategy.

Rosetta Stone was focused on a geography strategy (most of our sales were in the US) because our brand had the largest market share in terms of brand awareness. Our focus was to lean into the premium differentiated strategy since that reflected our brand promise. We decided to also price and package our product as a lifetime unlimited bundle. We did lots of testing on pricing and packaging options and decided to load more and more value at the highest LTV (lifetime value) at scale, which worked. When you lean into your strategy, everything makes more sense, from your product to your pricing.

### The Competition: You versus Them

Make competitive analysis a team sport. Get your team involved, make it part of your strategic planning, and have fun with it. Know your competitors like you know your favorite sports team. Collect and retain a library of competitive data so that you can start to build out a view as to your competitors' business moves. Capital structure, key hires, etc., are important signals for you to track. At some point, you will more than likely need to raise capital. Understanding your competitors' strengths and weaknesses can provide clues as to when you need to do this. Understand the chinks in the armor. Make sure to understand what your competitors are good at by assessing their relative performance as well as how you are advantaged (or not).

When you can get more detailed data, you really start to understand everything about a competitor. It becomes visceral, and it becomes personal. Here is a vivid example. If you have never watched the movie Hoosiers, starring Gene Hackman, I would highly recommend it. There's a pivotal scene during a playoff game where the coach (played by Hackman) tells one of the players, Buddy, to stick "like gum" to his man on defense. The exchange is wonderful. He advises Buddy, "By the end of the game, I want to know what flavor he is." When Buddy later fouls out of the game, he tells the coach, "He was Dentyne."

## Planning

Do you have an executable plan? If you are in the right place at the right time and have an offering that is working in the marketplace, that's more than half the battle—but you need a strategic plan. In turnaround situations, there's a strategy issue—for example, a company is working on too many businesses or has too many priorities.

### Identify Your Strategic Options

There are four operating dials that can really help you focus your plan. They are not mutually exclusive. Sell more to the same customer. The best way to both expand your sales and crowd out the competition is to sell more products and services to the same customer. The three approaches are to bundle, upsell, and cross-sell. You do not have to rely solely on building a new product, either. Third-party partnerships are a completely viable way to generate net incremental sales without having to build your own product for cross-selling.

Sell to new customers—this is always a viable approach. Three options to look at are geography, segment, and channel. Geographic expansion is the most difficult approach because it usually requires extensive local market support as well as a lot of capital. Increase demand—if your business is working, then put some more gas on it! Just be mindful of your customer acquisition costs and have a firm handle on your customer lifetime value.

Just buy it (inorganic)—if you have a business that can be bolstered by another business (and you can finance it), buying another business makes a ton of sense. It can also help you strategically.

### Improving Your Customer Value Proposition

Being thoughtful about a customer-centric value proposition combines inspiration with tons of planning. With the proper application, you will be able to naturally build epic products and services to unlock new or existing value in your business. You have now built a compelling north star. You have integrated your product vision with the business vision. You have thought about the measures (key outcomes) you will hold yourself and your teams accountable to show progress toward delighting your customers. You have built out some form of customer-centric prioritization process, one that is appropriate for ingesting feedback from customers, internal stakeholders, and your own inspired vision. You should regularly review your plan. Things change. You are enabling the team to present their own ideas and are making sure that the plan makes sense and is aligned with your business goals.

### Communicating Your Plan

Being able to set and articulate a long-term vision and goal

enables you and your team to do the seemingly impossible. If you have a high-functioning, talented team, they will take care of your customers and generate long-term value for your company. You need to be listening to your teams as much as you listen to your customers.

## Momentum And Your Key Insight

How confident are you that you can attract the talent and resources needed to pull this off? Sometimes, you're in a business that may not be attractive for new capital. Typically, if you have good talent and resources, you have a business that investors should be interested in, and it will be easier to attract and retain talent.

### Using Your Team to Create/Build Momentum

Your team is the most important asset in your business. If you're large enough to hire a human resources professional, you should be treating that person as one of your most important right-hand leaders. Over time, as you and your leaders deal with constant growth, you will need to focus more on your team. Making sure that you have a smart, talented, and culturally aligned group is very important for the long haul.

### Using Capital to Increase Your Momentum

Raise the most money to be the market leader where you have an advantage in business. Allocate capital appropriately based on expected future returns. And always have enough capital to live through a downturn or catastrophe to fund your growth when you need it.

If you have the willingness to act, you can accomplish amazing things. Momentum is really the "ability to act." It enables you to chart a course forward. To charge the hill. To mount a push toward your biggest, hairiest, most audacious goals. At the end of the day as a leader, your true power is to make sure that you don't run out of money in your business and that you can acquire more capital to grow it.



**Matt Hulett** has driven more than $2 billion in value creation as a four-time public company CEO and president and a two-time private company CEO. He is a seasoned technology executive with more than 30 years of experience building and leading world-class SaaS and consumer companies. He has had multiple turnaround successes in the public and private sectors, including Rosetta Stone, RealNetworks, and Expedia. He is regularly featured in technology and business podcasts and media outlets, such as Recode, Forbes, and Entrepreneur.

***Unlock: 5 Questions to Unleash Your Company's Hidden Power*** by Matt Hulett © 2022 by Matt Hulett. Summarized by permission of the publisher, Page Two Books. 978-1774581544. Published by Soundview Executive Book Summaries® Copyright ©2022 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. *44SS010C*

· Book 62 of 67 ·

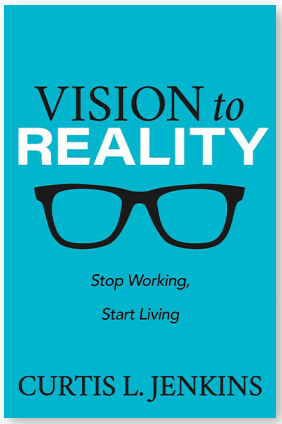
# Vision to Reality

Curtis L. Jenkins

soundview Executive Book Summaries®

# Vision to Reality

## Stop Working, Start Living




*by* **Curtis L. Jenkins**

## Contents

Part 1: What Leads Smart Entrepreneurs And CEOs Astray?
*Page 2*

Part 2: The Remedies
*Page 3*

Part 3: How To Prevent Backsliding
*Page 3*

Conclusion
*Page 4*

## THE SUMMARY IN BRIEF

Many entrepreneurs believe that to grow their businesses, they must work harder and harder. They overlook the importance of the team, the financials, and a solid plan that must be executed and adjusted on a daily, weekly, and monthly basis. They don't understand the concept of working "on the business" because they are too often working – harder and harder – "in the business," creating another job for themselves instead of rising to leadership and orchestrating a well-run business.

Project management executive, Curtis L. Jenkins, drew upon his 20-plus years of experience to write ***Vision to Reality: Stop Working, Start Living*** to help entrepreneurs realize their vision for their business and "clear the fog" for everyone involved to get on board with executing the vision. This book provides a simple set of steps to help entrepreneurs gain the confidence they need to tackle problems head-on despite the problems appearing insurmountable. It is unique and appealing because it introduces a new opportunity, using simple but effective foundational principles and tools often overlooked by entrepreneurs in their quest for business success.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to realize the vision for your business.
- How to gain the confidence you need to tackle problems head-on.
- Simple but effective foundational principles and tools often overlooked by entrepreneurs.
- To understand the concept of working "on the business" versus "in the business".
- How to rise to leadership and orchestrate a well-run business.

## Part 1: What Leads Smart Entrepreneurs And CEOs Astray?

### Misguided Problems

Why do the same challenges continue to manifest in your business? In many cases, the problem is misdiagnosis or misalignment, which can occur when you attempt to simply resolve the symptoms rather than find the core problem and its solution. The issues that are often misdiagnosed can also be the result of misalignments in the company. Generally, business problems that continually resurface are misdiagnosed issues coming from an undiscovered, underlying problem.

### Inability To Get Out Of Their Own Way

There is no doubt that entrepreneurs are faced with numerous challenges, but more problems arise when you genuinely believe only you can solve the challenges and overcome the obstacles. The RFE is designed to help entrepreneurs use time to their advantage, resulting in better preparation, enhanced understanding, diagnosing problems effectively, better communication, and enhanced planning, giving entrepreneurs the tools they need to get out of their own way.

### Willingness To Make Excuses

Entrepreneurs, business managers, and CEOs who make excuses for mediocrity in their businesses or for not hitting their goals have gone astray on the path to success. Excuses are often the results of a lack of plan, poor execution of the plan, and/or a lack of accountability and time management. Clearly defining your plan and vision, training your employees well, and setting boundaries on your time can help you achieve success and bypass the excuses.

### Working Harder

As an entrepreneur, business owner, or CEO, it is easy to see problems and simply resort to fighting fires instead of fire prevention. Often the obstacles and setbacks you are hoping to overcome through hard work are really trying to force you to look for and develop a new strategy. When used every day, the RFE can help you execute your business strategy successfully, adjusting as needed, without working yourself to death.

### Random Goals

When stating actual goals, there is a process of risk assessment and mitigation. It is a crucial process to ensure we clearly understand all the factors keeping us from meeting those goals and what actions are required to clear the way. We then work together on a set of actions to help us meet those goals, identifying what needs to be done on a daily, weekly, monthly, and quarterly basis.

### Overestimating Bandwidth

In business, bandwidth is your capacity to accomplish work. Entrepreneurs and CEOs are often guilty of overestimating their time, their bandwidth, and their ability to execute. One tool that is helpful for staying in the leadership role is the Eisenhower matrix, which helps entrepreneurs with prioritization of urgent, important tasks that take up their time. Stop overestimating your time and commit to one, maybe two, tasks to accomplish in a day. Get rid of the things that don't add value.

### Underestimating Capability

In business, leveraging strategies include financial stability as well as enhanced business success. Business leaders often go astray when they underestimate their capabilities. And entrepreneurs often underestimate their own capabilities: what they're capable of with the right leverage. Leverage allows individuals to use debt to their advantage. One of my goals is to help people understand how to leverage debt to grow.

### Lack Of Context

In any company, context gives businesses the ability to communicate effectively with customers. Every message requires good content and content delivery. In either instance, lack of context often results in mixed messages, which is never good for business. When you start on the path to improve communication in your business, you must begin with listening skills as the first area to develop. Create a communication mechanism for your teams by bringing just these two items to the table: your vision and your values.

### Cognitive Dissonance

Entrepreneurs' cognitive dissonance rears its ugly head quite often in their hiring practices. Another way cognitive dissonance manifests in the workplace is in the concept of change management. Change management says a leader can bring the solution to people, but sometimes a leader has to bring the people to the solution. When it comes to cognitive dissonance, status quo bias and/or confirmation bias often come into play. To attack cognitive dissonance and alter the behaviors resistant to change, first recognize that you have some form of cognitive dissonance.

### Fear Of Losing Control

Entrepreneurs often find themselves on the road to failure because they fear losing control of the business they are building. Fear of losing control can be avoided or overcome through small steps of giving bits and pieces of control when it comes to the less risky items like cash collection. Therein is the foundation of the RFE: to help entrepreneurs grow in the leader space by understanding the two key components of business—employees and cash flow—and putting the plans and accountability in place to realize their visions!

## Part 2: The Remedies

### Organize For Success

The process of organizing for success begins with stating your goals and articulating the vision for the company. The vision must be stated in a manner that is understandable for everyone. The second part of organizing for success is organizing financials. True Visionaries can see themselves in the future, accomplishing goals with the organization. They can then leverage the RFE and walk through the milestones.

### Develop A Plan Of Assessment

There are tools and techniques that can be used to help with long-term planning and unforeseen changes, as well as to analyze where you currently are. For the long-term, using scenario planning is my preferred method for determining the impact and predictability of an uncertain future. My guide for a plan of assessment is to perform a risk assessment with a STEEP model. There should also be a section for goals not yet met, current challenges, and any setbacks that have occurred since the last assessment. Finally, it should contain ideas for how to address the setbacks in positive, growth-oriented ways.

### Organize The Team

As part of the process, entrepreneurs must develop strong relationships with their team members and organize their team to handle any additional work that comes from growth. It is also wise to have a pool of potential talent to draw from when the need arises. You need to think about all the relationships you have through the lens of figuring out what is in it for them and how you can help them.

### Change Management And Communication

A CRM (Customer Relationship Management) tool is a great starting point from which entrepreneurs can strategically plan touchpoints in the form of calls, emails, and even mailers. Creating a vision of sales opportunities in this way also creates excitement among your employees as they see each opportunity by its value. Communication and listening are also key with your employees, especially when introducing change.

### Mental Preparation For Implementation

If you can't decide the best path for moving forward in mental preparedness for implementation, you should work with someone—be it a mentor, consultant, or another guide—who you trust to help you with this issue. Mental preparation for implementation starts with understanding what Tim Ferris so eloquently explained: if you want to have a great quality of life, you need to put together a great team—be it physical or virtual.

### The Realization Framework Experience (RFE)

The RFE requires a full-on behavior shift that focuses entrepreneurs' attention on themselves and key people to gain the growth and achievement they desire. Through the RFE methodology, entrepreneurs take the necessary steps forward to accomplish their vision successfully. First, visualize, then evaluate. Then calculate and forecast what's needed and how much is needed to get to the future. Clarify this future with a solid plan and then realize the future with daily, weekly, and monthly actions.

## Part 3: How To Prevent Backsliding

### Do It Anyway!

If the methodology doesn't feel right because it's new, do it anyway! When you perform the exercises of the RFE—daily, weekly, monthly, and quarterly—you learn new habits, change from old ways of working, and develop planning methods to avoid cognitive dissonance behaviors like confirmation bias and status quo bias.

### Recognize Growth

Use your measures as a guide. At a minimum, there are four major groups of measurement every business should have at their disposal. These measurements follow the RFE and include evaluating your people and calculating your cash flow. The measures provide an accurate picture of what is going on in your business and will help you recognize growth as it happens.

### The First Million Is The Hardest

Why? Because the systems and team members they put in place have allowed them to grow and make money. And they also learned as they worked through those systems.Your first step is to review your vision and articulate it clearly for yourself. Once you can clarify your vision, you can begin to work on articulating this vision to everyone involved.

### Vision To Roadmap

It is imperative that entrepreneurs map out a clear vision of what they want their reality to be. As the leader, you must run meetings and guide your team on a daily basis. To communicate and guide your team to success, you must develop a strong rapport with your team. This translates into serving customers and clients successfully.

### Elements

Each entrepreneur must design a daily, weekly, monthly, and quarterly planning sheet with elements that fit their business model. The elements on the planning sheet should be communicated well and should be clear to both you and your employees. Planning must include deliberate daily meetings with staff, sales and operations planning, meetings with the board of directors, and meetings with key divisions of your team (sales team, operations team, etc.)

### Developing Muscle

You must retrain your mind. You must spend time with your team and your customers. You must focus on the people—customers and employees—spending your time, money, and energy on them. Trust in the development process as you fail up. Every failure is an opportunity to learn. There are three major elements that I use to ensure I build muscle and prevent backsliding: Habits (Systems), Measurements (Key Performance Indicators), and Accountability (Advisors and Mentors).

### Financial Perspective

The best entrepreneurs understand business from a financial perspective: cash flow, COGS (costs of goods sold), gross margins, and more. Knowing your numbers and your value, you can feel confident you are asking for what you deserve and are willing to leave some business on the table instead of compromising your principles.

### Strengthen The Vision

For entrepreneurs, knowledge and communication are necessary to remove obstacles along the way, strengthen their vision, and carry on until the vision becomes a reality. The Realization Framework Experience is not a one-and-done activity. It is a series of activities and engagements between the leadership, the advisors, and the employees, as well as the customers and the suppliers of the company.

## Conclusion

*Vision to Reality* was written for business leaders and entrepreneurs who know their "Why?" but still need to understand the "how" to guide and grow their business successfully. The message of the book is simple, yet profound: clear the fog, develop the vision, and learn the skills to succeed in your business and industry. The RFE is designed to take you there. The goal is to bring your vision to reality, whether your business is large or small.



**Curtis L Jenkins** has been helping large and small business leaders focus on growing their companies for over 20 years. Using his Realization Framework Experience™, he helps the leader develop a culture for success, allowing the leader to focus on business growth and strategy. Curtis' previous book, *The Only Job Search Book You Will Ever Need*, was a winner of Bookauthority's Best New Hiring Books in 2020. Curtis resides near Philadelphia, PA and is an active member of his community.

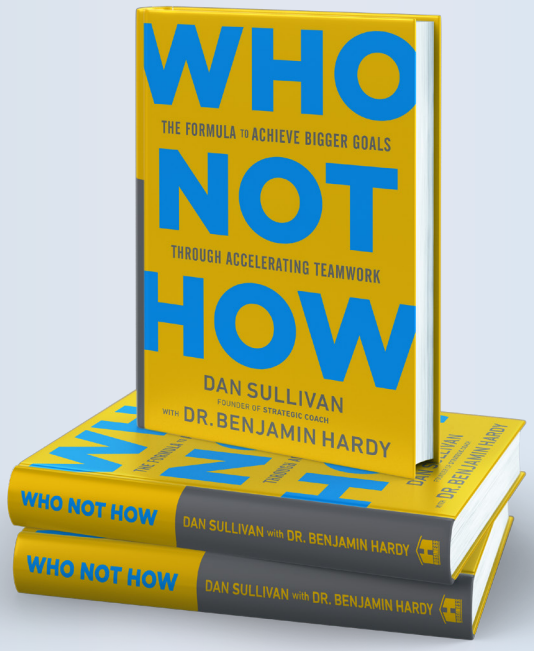
***Vision to Reality: Stop Working, Start Living*** by Curtis L Jenkins ©2022 by Curtis L Jenkins. Summarized by permission of the publisher, Morgan James Publishing. ISBN 978-1631957574. Published by Soundview Executive Book Summaries® Copyright ©2022 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. *45SS02A*

· Book 63 of 67 ·

# Who Not How

Dan Sullivan

BOOK SNAPS™
Zooming In On Your Next Read




## Who Not How

By Dan Sullivan

Dan Sullivan is the world's foremost expert on entrepreneurship and has coached more successful entrepreneurs than anyone on the planet. He is the co-founder of Strategic Coach®, the leading entrepreneurial coaching program in the world, and author of more than 50 publications on entrepreneurial success. Over the past 30-plus-years, Strategic Coach has provided teaching and training to more than 20,000 entrepreneurs. www.strategiccoach.com

Copyright © 2020 by Dan Sullivan • Hay House, Inc.

# Why and How to Shift Your Thinking to "Who"

American culture highly values independence. We are conditioned from our earliest educational experiences that the end all, be all goal is to do things all by ourselves. So prevalent is this idea that we end up shouldering an unsustainable amount of responsibility in our personal and professional lives. We limit ourselves in what we can accomplish because we fail to enlist the help of others in reaching our goals. We even subconsciously set smaller goals than we could actually achieve if we would only shift our thinking in one simple, but incredibly powerful way. We must stop asking ourselves "how" we can get something done and instead start asking ourselves "who" can help us get something done.

Dan Sullivan is regarded as one of the most effective entrepreneurial coaches in the world. He has authored more than 30 publications and has over 35 years experience coaching, speaking, strategic planning, and consulting with entrepreneurial-minded organizations and individuals who aim to achieve their full potential. In ***Who Not How,*** Sullivan partnered with Benjamin Hardy, the "who" Sullivan turned to to write the book based on his own concepts and tools. In it, they lay out why and how to shift your thinking to "who" in order to "consistently achieve bigger and more powerful results, without having to do all the work."

## The Paradigm Shift

The core essence of the book lies in making a seemingly simple paradigm shift. We are asked to pose a question to ourselves. "What would happen for us if we would shift our mind set from "how" to "who?" Would that shift make it possible to expand your potential, opportunities, and capabilities? High achievers are especially adept at focusing on How. They often fail to see all of the Whos in their life that could provide "perspectives, resources, and abilities to go beyond" what they could accomplish alone. This trap ensnares us when we refuse to let go of control and allow ourselves to be vulnerable and put trust in a team of others. But if we can focus on Who instead of How, we stand to gain immeasurably in our personal and professional lives.

We just need to recognize that "1) other people are more than

***Book Snaps™*** is a publication of Soundview Inc. • 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 • © 2021 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited • Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer • Reviewed by Kristen Cudd • Order #FBR0421B

capable enough to handle much of the Hows, and 2) that our efforts and contributions (our Hows) should be focused exclusively where our greatest passion and impact are." If we can do that, we will improve our results, not our efforts, and the results will be astonishing. We can actually retrain our brains to stop limiting our potential by relying only on ourselves. We have more connections to others than we realize and we can leverage those connections in transformative ways. The rest of the book shows us how to put Whos into practice to free us in relation to time, money, relationship, and purpose.

## Freedom of Time

In this section, readers learn how to free up more and more of their time "by delegating or outsourcing all predictable Hows to other people, external companies, or even technology." When we ask ourselves How to make money, we bogg ourselves down. "How" thinking costs us a great deal of time. Select people can gain you "access to knowledge, insights, resources, and capabilities that are not currently available to you." With How you get "slow and linear" results while Who can get you "non-linear, instantaneous, and exponential" results. And this provides you with the first of the four freedoms you get with Who Not How: Freedom of Time.

Freedom of Time is a flexible, ever-changing and infinite entity that is directly impacted by the Whos you recruit into your life. One of the best features of this freedom is that it never maxes out! In theory, one could continually improve upon the amount of time you have free. As you do, you spend that newly found time doing activities that are of higher quality and more in line with what you actually want to do with your time.

Entrepreneurs struggle with the constraints of time because they are often reluctant to relinquish control of their business to others. They feel they must be involved in every single aspect of the operation and as a result, they live, eat, breathe, and sleep the work. This is detrimental in many ways, including to the business itself. As an entrepreneur, your goal should be to create a "Self-Managing Company of capable Whos" that are able to manage themselves and handle all the business of your organization because you "have made the vision abundantly clear and exciting."

Instead of carrying the load entirely by yourself, you expand your resources that can be aimed toward achieving your goals. This directly impacts "your potential, your options, and your future" in unlimited ways. Essentially, "you combine your efforts with other Whos" and see an immediate increase in your efficacy. Effort does not transform your life and free your time. It is relationships that "transform you as a person, transcend your current limitations, produce results, and get purpose in your life."

Who are some of the Whos you need to make this shift and gain freedom of time? They are "spouses, parents, mentors, teachers, coaches, collaborators, co-conspirators, and eventually, when you're ready, employees and other people who work for you." In order to recruit these Whos and determine who may be a good connection for your life, ask yourself some questions. Is there an area in which you are working solo where you could be collaborating? What is your vision and is it limited or expansive? Are there any relationships in your life that are not being fostered to their full potential? In doing this, think about both your personal life and your business. The two are inextricably intertwined for entrepreneurs.

## Freedom of Money

This section of the book opens with a quote from Peter Drucker that clarifies the difference between efficiency and efficacy. He says, "Efficiency is doing things right. Effectiveness is doing the right things." Monetary growth goals can be more efficiently realized by enlisting Whos that will keep you from being distracted by activities that are not productive. Making more money is "a skill you can develop and master" if you put the correct Whos in place. When you "invest in Whos, you not only utilize their time and resources, but also free yourself up to focus your time and attention on your most high-value activities." As a result, you are able to produce greater income and ultimately, gain Freedom of Money.

High-value activities are those that you personally get excited about and that have the greatest impact on your revenue. They are the activities that you are seemingly born to do, that you excel at, and that stoke the fire in your belly. They are activities you would choose to do over others and that only you can do. And if you put the right Whos in place, they will be the only activities you actually do! Imagine waking up in the morning and asking yourself how you would like to spend your time today. With Freedom of Money, you can!

In this way, Freedom of Time and Freedom of Money impact one another. They have a cascading effect. The more time you have available to spend on those things that you are uniquely gifted at and qualified to do, the more money you make. Further, the more time you have, the more space you will have within your mind to dream up new goals and visions. Unburdened, your creativity will flow more freely and the next big thing just may come to you.

You must be careful not to mistake an investment for a cost. When considering hiring Whos that will free up your time, and effectively free up your ability to generate more money, you cannot look at the pay they will receive as an expense. It is an investment that will pay for itself and increase your income in the same way a real estate or stock investment could be expected to grow your assets.

## Freedom of Relationship

Surrounding yourself with mentors and "higher-level Whos" is an integral component to reaching more aggressive goals. You will begin using your time in more efficient ways, increasing your goals, and achieving more. Cultivating relationships that will increasingly get you to the next stage is paramount. But building relationships with people who will be your Whos is not approached in the same way that you normally would when connecting with someone as a potential friend, for example. In fact, it is handled

**Through collaboration you have the power to make bigger, longer lasting impacts than you would on your own.**

in "almost the exact opposite way that is typical in society." You have to approach these new relationships generously, offering up how the relationship will be good for the other person. It cannot be about how you will benefit from the relationship.

There is a system that is "higher level, strategic, and conscious" and understanding how to use it will gain you access to nearly anyone. In doing that, you will be able to collaborate in ways that are 10-100 times greater than they were before you forged these intentional connections. Your growth as a person and in business can be "dramatic and unexpected." The system outlined is based on the work of Joe Polish, who is the mastermind behind Genius Network. It teaches you how to transform your mindset in regard to your standard for relationships, not just professionally, but with all whom you are connected.

"The goal is for you to refine your own filter so that you experience true Freedom of Relationship, which means you have not only increasing access to whatever Whos you need to achieve your goals, but also have deeper and higher quality relationships overall." This is important because your level of success is directly impacted by the quality of all the people in your life, personally and professionally. Freedom of Time and Freedom of Money have a symbiotic relationship with one another, as mentioned earlier. Those two freedoms also impact the Freedom of Relationship.

As you improve upon your freedoms in relation to time and money, you naturally get "greater access to Whos that not only help you achieve your goals but also give you a deeper sense of meaning and purpose in your life." You should be drawn to the people with which you seek connections. They should excite you, support you, inspire you, and most importantly, allow you to be completely yourself when you are with them. If you have to pose or posture, they are not the right Whos for you.

## Freedom of Purpose

We all have a deep-seeded reason for being here that we commonly label as our "purpose." ***Who Not How*** can help you grow your "confidence and vision for your future" to ensure that you make the most powerful and meaningful impact possible in your life. Freedom of Purpose expands your ability to "see deep meaning and value in what you're doing." One of the key tenets of this freedom is to avoid competing with others. Instead, seek to collaborate.

Competition assumes scarcity while collaboration relies on abundance. Through collaboration you have the power to make bigger, longer lasting impacts than you would on your own. Your purpose will be expansive with others instead of shrinking and possibly disintegrating all together when going it alone. Isolation hinders your purpose. Freedom of Purpose opens things up so that your purpose is about more than just yourself. The problem with going it alone is that it breeds anxiety, inflexibility, and cynicism. The "antidote to being isolated in your goals" is asking yourself, "Who can help me accomplish this?"

When you pull Whos into your life to help you further your personal purpose, you get the joys only available when you work together with others. This approach bucks tradition that was ingrained in us back to our earliest educational years. Many of us were taught to be individualistic in our learning and that relying on others was tantamount to cheating. ***Who Not How*** rejects that notion. It is not sneaky or dishonest or wrong to reach out and bring together a team of people that will help you fulfill your life's purpose. It is actually the best way to make an even greater impact than you imagined possible.

The promise of ***Who Not How*** is to unlock unlimited potential by shifting your mind in a simple but incredibly powerful way. It all boils down to one simple edit of a question most of us ask anytime we have an idea. "How can I do this?" Dan Sullivan's coaching tells you to throw that question out of your thinking. Ask instead, "Who can help me do this?" Who is the key, not How. If you can center all that you do around this shift, your personal and professional life will be improved in innumerable ways.

If you have a business but the work of running it feels like it is killing you, start asking Who instead of How. If you want to focus your time and energy on activities that thrill you and that you alone are uniquely capable in doing, you've got to start asking Who. Dan Sullivan's teachings will "expand your abundance of wealth, innovation, relationships, and joy." It is possible to live a life that is filled with purpose, in which you only do those things that you choose to do, not those things that you feel you must do even though they drain you of all your inspiration, time, and motivation. These life-changing results are available to you if you only ask Who can help you. Readers may not appreciate that the main concepts are repeated time and again throughout the book but that repetition serves to hammer the point home. Your goals may be yours alone, but you do not need to achieve them by yourself.

· Book 64 of 67 ·

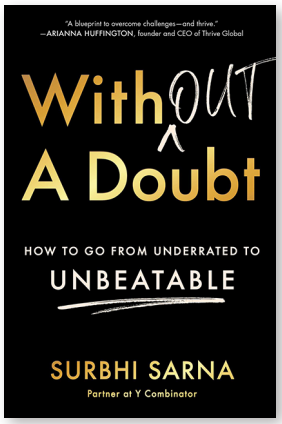
# Without a Doubt

Surbhi Sarna

soundview Executive Book Summaries®

# Without a Doubt

## How to Go from Underrated to Unbeatable




*by* **Surbhi Sarna**

## Contents

Finding a Problem You Want to Work On
*Page 2*

Networking Without a Network
*Page 3*

Telling a Story and Developing Thick Skin
*Page 3*

Keep Going Through Life's Ups and Downs
*Page 5*

The Most Important Product is You
*Page 6*

## THE SUMMARY IN BRIEF

Author Surbhi Sarna knows what it's like to feel underrated…to have the weight of doubt pulling at you while trying to reach your goals. The route she took culminated in selling her medical device company for $275 million, but was fraught with such heavy moments. There are no easy answers or quick remedies to combat it, but her experience managing to overcome it to great success can shed light on how to do it yourself.

Maybe you've been overlooked because you were born a certain color or gender, or into a certain socioeconomic class, or because you have unconventional ideas. Her experiences and the insights she learned will show you that the very qualities that put you on the outside with certain people or in certain environments are, in fact, your strengths. That your power lies in being able to recognize those qualities, define them, and leverage them in the pursuit of your dreams. They can help you build your own ladder and propel you forward from being underrated to unbeatable.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to gain the right experience for the next rung up the ladder.
- Why storytelling is vital when seeking connections and forward momentum.
- What role the team around you will play in your success.
- How to recognize when it's time to make a change.

## Finding a Problem You Want to Work On

At the age of just thirteen years old, Sarna found herself facing a potential cancer diagnosis, the result of a complex ovarian cyst. She started to research her condition and realized that something didn't add up.

The protein that would be measured to confirm or rule out cancer was not reliable. CA-125 fluctuates in a woman's body, making this test accurate only 50 percent of the time. The only way to confirm cancer was to perform an invasive exploratory surgery, which carried significant risks including infertility.

In the end, Sarna and her family opted to forgo surgery and the cyst resolved on its own. But as her fear faded, a new emotion took its place. She was angry. They'd had to do too much guessing and waiting. They were forced to make so many impossible choices. And this passion carried forward.

When applying to Berkeley, her personal statement, which emphasized her health journey and how it fueled her desire to make a difference, was strong enough to get the attention of an admissions officer who decided to give her a chance. There, she dedicated herself to learning more about women's health. And the more she learned, the more her indignation grew.

From the early 1900s, women have often been subject to lengthy diagnostic times or solutions. When it comes to ovarian cancer, for example, each year 300,000 women have their ovaries removed but only 21,000 of them ultimately are found to have had ovarian cancer, making it a life-altering and unnecessary surgery for most women.

In fact, many medical procedures that are painful and inaccurate are still the standard of care and haven't been replaced for more than one hundred years. The evidence is everywhere. Women have long been suffering under a second-class medical system.

This realization was when Sarna's dream started to take shape for her. She wanted to spend the rest of her life improving the quality of care women receive. She would focus on replacing antiquated approaches with cutting-edge innovation and providing women with the standard of healthcare they deserve, starting with a better way to detect ovarian cancer.

She had a passionate stake in the problem she set out to solve. When you are trying to find your way, start by finding something you *really* want to work on.

## Gaining the Right Experience

After interviewing for positions in finance and consultancy within corporate settings, Sarna realized that starting with a technical, scientific path–the kind of work she'd enjoyed since childhood–was right for her. She would get to apply the theory she was learning at school and be able to work on what interested her, but for half the salary of what an investment bank or consultancy would pay.

That was fine because at the time she was not interested in making money. She wanted to feel financially stable enough to help support her mom if necessary, but it was not a driving force. She learned that what really mattered for her first job wasn't the money: it was gaining the right experience.

This is what you often see with other entrepreneurs, too–even if they don't end up on the business end, including running a startup. They often begin on a technical path so they can learn the skills needed to actually create the product.

If you want to create a jewelry brand, for example, learn how to make jewelry ahead of founding a small business, thinking of designs before launching your own company.

If you want to be part of bringing the next big app to the public, take courses in coding or teach yourself, so that even if you are not doing the actual coding in the long run, you know what the people who code are doing, and you have the experience to ask the right questions and judge the results.

Business skills can be acquired while you're building your company. But mastering the technical skills needed to execute the business you want to be in–whether that's retail, art, healthcare, organic farming, or green energy–begins with an understanding of that field from a technical perspective.

It's hard to stay focused on gaining the experience you need to get when that sometimes means turning down more money and or security. The lures of high-paying jobs, of well-trodden paths and systems are hard to ignore or easy to be seduced by. Many brilliant minds have been sucked into conventional corporate structures and academia. It seems that the more brilliant you are, the more hard-working, the more people want to put you in their system to climb their ladder to help them chase their dreams.

When those dreams align with yours, this works. There's nothing wrong with taking a job because you need a job, or using a job to help you gain the kind of skills you need to facilitate your own long-term dreams. The risk, though, is that as time passes, you forget about your dreams. No

The higher up you get on someone else's ladder the harder it is to jump off. Entrepreneurs are people who build their own ladders while also climbing them.

one wants to wake up and realize it could be too late in the process, feeling in too deep–too dependent on the money or the structure or the prestige to find a way out.

The higher up you get on someone else's ladder the harder it is to jump off. Entrepreneurs are people who build their own ladders while also climbing them. It's difficult, sometimes perilous, sometimes disastrous, but in the end, it's your ascent to your dream.

## Networking Without a Network

Ten years after her own medical odyssey, Sarna found herself pitching her idea for a medical device that could diagnose ovarian cancer to her own gynecologist, during a pelvic exam.

She watched as the doctor's head slowly emerged from behind the white sheet draped over Sarna's knees with a "deer caught in the headlights" look in her eyes. Despite the doctor's clear surprise, Sarna pushed forward. She was obsessed with creating a product to identify cancer. And to do that, she needed to know that she was developing a product that gynecologists would want to use.

Entrepreneurs sometimes believe that the ultimate validation of their idea comes from an investor who agrees to put money into the concept. In reality, if you're solving a real pain point for your customers, investment will come. Therefore, the most valuable endorsement comes from potential customers.

For Sarna's particular product, the customer was the gynecologist. Though the patient would ultimately benefit from the device, physicians would be the ones buying and using it. Sarna didn't know any gynecologists professionally, so she started with the one she did know: her own.

Networking at the start of your career can feel a bit like staring at a blank page. For some of us, just the thought of introducing ourselves to strangers in a large, crowded room or convention hall is the stuff of nightmares. But networking isn't limited to professional happy hours, where you go from person to person shaking hands, business cards at the ready, hoping that something or someone useful will come out of the exercise. Meaningful networking doesn't have to feel like speed dating, nor must it consist solely of reaching out cold on LinkedIn.

Valuable connections can be made in smaller, more natural situations and through a series of one-on-one conversations with people whom you already know or to whom you have been introduced through colleagues, friends, or even family. You never know where good advice will come from.

And if you talk to enough people, you'll get advice that's often conflicting. It's actually beneficial to hear different thoughts and opinions on whatever task is in front of you. But remember no one knows the situation like you do–so ultimately go with the advice that resonates most with your gut.

Also, sometimes people who are supposed to be experts in a certain field tend to be the most jaded about it–they've seen the most failures. Listen carefully to what they have to say–no need to repeat mistakes–but use your optimism and fresh eyes as a strength. Just because they couldn't figure out a solution doesn't mean that you will not.

The thing with startups and career success more broadly is that you don't need everyone to believe in you. You just need a few people with the right backgrounds and enough conviction to allow you to stand on their shoulders. If you keep those people close by providing them an inside look not only on your wins but your losses, they will be invested and continue to stay by your side.

## Telling a Story and Developing Thick Skin

After successfully securing $250,000 in the first round of funding for her now-established company nVision, Sarna set her sights higher, securing a pitch with venture capitalist firm Catalyst Health. The firm was focused on early-stage funding of disruptive solutions for unmet healthcare needs, which made them a perfect potential investor.

Before this meeting, Sarna had been rejected by at least fifty

investors. She had developed a thick skin, but needed this one to be a "yes." During the meeting she could see the investment team intently lean forward when she talked about the clinical need for the device.

They were fully engaged, which made her even more enthusiastic. She was taking them on a journey, and their facial expressions hinted that they were connecting to her message. She could see that her indignation over the dismal reality of women's health was starting to become their indignation.

When pitching or describing a topic, it's easy to rattle off facts about the marketplace opportunity or the exact approach you'll take when creating your patent portfolio. But remember that investors, potential advisors, and employees are all people, and people are easily bored. Instead of simply bullet-pointing your ideas, engage your audience with a story that helps them understand what you're trying to achieve relevant to their interests. It is possible to find interesting transitions between even the most seemingly mundane facts, weaving them into a compelling narrative.

The people considering your idea are giving you their most valuable asset–their time–so make it count. When you pitch, describe the problem in such a way that people can feel that the issue you are solving is real. Remember: you're making the case that they should choose your company or project over other opportunities.

If you feel underrated, you need to be better than those who are privileged–more knowledgeable, quicker thinking, and stronger. It's the unfair reality. Sometimes, you can fight against the system from the outside. Other times, you have to play by certain rules to break into the existing system in order to get what you need–and then, eventually, work on changing the system.

As unfortunate as the situation is, the underrated have to be more prepared than others to achieve the same level of attention and respect. You won't always be given the benefit of the doubt like others might.

## Building a Team that Lasts

When Sarna set out to create a company, she would have never believed that the best part would be the people and the culture they created together. After all, what could top seeing a concept scribbled on the back of a napkin come to life as a prototype? Or watching an idea evolve into a fully functioning device that works in people?

But it is true–for Sarna, building and working with the nVision team was more rewarding than the first check they received from an investor. It was even more gratifying than the company's eventual acquisition.

Hiring the right team is the most make-or-break aspect of any project. How do you go about making sure that you're hiring the person with the appropriate technical or operational background? Who also has the right mindset and attitude? Finding the balance of experience and values is not an easy task.

Furthermore, how do you make sure that the people you bring on will mesh with and enhance the culture you want to craft? It can be a surprisingly difficult, all-consuming experience if you hire the wrong person. The flip side to this, of course–and the opportunity–is that finding the right person can lead to magic.

When you have an overwhelming amount of work, it's easy to fall into the trap of hiring the first person willing to take the job. Although your immediate network is a great place to start recruiting, you may not find the most qualified people for the particular jobs you need to fill.

Founders and leaders should flip the script and do things the other way around. The first step is not to think about who you know, but what you need. Think through the milestones you are driving toward. Then, think about the type of people you want in your corner to accomplish those specific goals. Once you start creating these ideal profiles, it's easier to understand the kinds of people who might be a good fit.

In addition to the operational experience that you're looking for, it's never too early to think about the cultural values you want your company to have. Discovering this means getting together with your co-founders or early employees and having an open discussion about what's important to them. What type of environment do they want to create that will make them look forward to coming into every day?

A company culture happens by design or default. If you aren't deliberate about the type of people you want to hire and the culture you want to build together, you will still have a culture–it just might not be the one you want.

Establishing values is a personal call–do what feels right to you, what feels natural–and your cultural beliefs will help to establish a day-to-day experience that employees look forward to and that will help keep people together when things get rough.

What type of environment do they want to create that will make them look forward to coming into work every day?

## Keep Going Through Life's Ups and Downs

Sometimes bad things happen that are troubling and distracting, and sometimes good things happen that are equally distracting but wonderful, like when Sarna realized she was pregnant with her first child right in the middle of her company's most critical deal.

"Work-life balance" is a misnomer, implying they should be given equal weight, with a balance between the two. Instead, work is just a part of life. When trying to give equal attention to everything, you can miss prioritizing another thing that's important–you.

It's easy to forget about your own health, both physical and mental, when trying to keep all the balls in the air. If you've had to face down doubters your entire life, getting those balls into the air in the first place is even harder. What are you supposed to do now? Let them all fall to the ground so that you can sleep more or have a little time to yourself?

The more you feel you have to prove, the more likely you are to make decisions that seem impressive and ambitious in the moment but can be self-sabotaging in the long run.

If you're working on building something that satisfies a good indignation, you often will try to make it all work and push everything forward. But you have to be okay with the fact that most likely, something unplanned, something that commands your attention, is going to crop up somewhere. If you can be flexible and accept that there will be curve balls, you'll be better prepared to handle them–and potentially let certain things go. This can be a challenge for many industrious personalities, especially when surrounded by doubters, as the pressure to prove oneself is a fierce driver.

When you are doubted by others, you end up doubting yourself as well. Find that inner voice telling you what your gut wants to do, and listen to it, even though it can be difficult. When bad things happen, you have to make hard calls and be willing to accept the consequences. Remember: the worst possible thing to do is to not do anything at all. Make a decision and follow through on it.

## Knowing When to Make a Change

Four weeks after giving birth prematurely and on maternity leave, Sarna realized that she had not left clear directions in terms of who would make decisions at the company, and the organization was struggling as a result. With the delineation of tasks and responsibilities unclear, frustrations mounted and tensions boiled over between the teams.

Sarna returned to work, torn but determined to keep the company thriving, and within a week or so, things normalized. As happy as she was with the turnaround, she was constantly worried about her baby at home and constantly anxious about the company.

Stretched to her limit, she eventually decided to enlist the help of her mother, who moved in to not only care for the baby, but to manage the entire household. But despite that, Sarna was burning out, repeatedly. There are many tricks you can implement that help you avoid a similar experience.

First, determine what a fulfilled life looks like for you. Once you've decided what you want out of life, determine what that means for what you can give to work and your other pursuits and what has to give, because something does, and it could be hard to let go.

Be deliberate about how you spend your time. Determine how much time you want to spend with your loved ones each day. Once you know how many hours, schedule them into your daily life. If you don't start with determining how many hours you want to spend with your family, work will slowly creep into absolutely everything.

There is no limit to how much work you can do, or how much you feel should be done, if you're building your own ladder and have doubters around you. It is unending. so decide how much time you want to spend doing things besides work and make that a hard line.

The next part is even more difficult. Once you've decided how much time you want to spend with your family. and you start to implement it, try not to feel guilty. remind yourself of the complexities of the situation and that

you're doing your best given the circumstances. Guilt uses an enormous amount of emotional currency that is better spent in other ways.

Be thoughtful when you come up with the number of hours you want to spend, and then make peace with it. This isn't to say that you can't adjust, but don't second-guess yourself constantly. This strategy will enable you to do one thing better–focus on what is in front of you. Being present is not only better for you, but better for everyone and everything around you, including your work.

## The Most Important Product is You

Four months after the deal to sell the company was secured, Sarna decided the team deserved a victory lap.

They celebrated.

When the deal closed, every employer, investor, advisor–anyone who had equity in nVision–had money wired to their bank account. It was a funny thing to stare reality in the face, in black-and-white numbers, and simply not believe what they were seeing.

Despite all odds, they pulled it off. Hell yes. And after a time of maintaining involvement, they stepped out to let the acquiring company take over fully.

No matter what you do, eventually, you have to leave your great passion behind. Maybe life provides you with other priorities, or someday, you retire. And sometimes you're forced to let go before you're ready.

However it happens letting go is especially hard when you've been doubted the whole time you were building your ladder.

You have something to prove. As a result, whatever you were striving for became so deeply embedded in your identity that it's hard to separate your passion from your person.

After all, *you are your most important product*, the one that you need to scale, not whatever you happen to be working on at any given point in time. You almost have to reestablish your identity. A big part of what made you is gone.

But the next thing will come along and it will be an opportunity too compelling to pass up. Too meaningful an opportunity to let your doubts, or the doubts of others, get in the way. Because the biggest lesson of all, without a doubt, is that if you don't try, you can't make anything happen.

Though we may never be, nor should we be, free of all doubt, we shouldn't ever be defeated by it. Let that doubt fuel you. But be kind to yourself. The trick to success is not to doubt yourself too much.

It's an art to keep doubt in its place, and wield it–both other's and our own–as necessary. The most damaging thing doubt can do is prevent you from trying, from building your own ladder. Go ahead and take that step. Maybe you'll fall on the floor. But you will get back up and keep climbing.



Surbhi Sarna is an entrepreneur, partner at Y Combinator, advocate for innovation in healthcare, and investor. She has worked as an engineer before becoming CEO and founder of nVision Medical. nVision developed a catheter-based device for early detection of ovarian cancer and after obtaining FDA clearance, was purchased by Boston Scientific. Sarna also sits on both nonprofit and for-profit company boards, has been featured in publications such as Bloomberg, Forbes, Entrepreneur magazine, and Inc., and has received numerous awards, including being named on the Forbes 30 under 30 list and the Inc. Female Founder 100 list. She lives in the San Francisco Bay area with her husband and two children.

From ***WITHOUT A DOUBT: How to Go from Underrated to Unbeatable***, copyright © 2023 by Surbhi Sarna. Reprinted by permission of Simon & Schuster, Inc. Published by Soundview Executive Book Summaries®. Copyright © 2023 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. #4529

· Book 65 of 67 ·

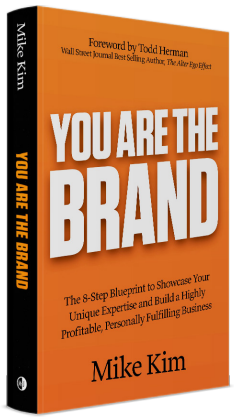
# You Are the Brand

Mike Kim

soundview
Executive Book Summaries®

# You Are the Brand

## The 8-Step Blueprint to Showcase Your Unique Expertise and Build a Highly Profitable, Personally Fulfilling Business




*by* **Mike Kim**

## Contents

Introduction
*Page 2*

Who Do You Have to Become?
*Page 2*

How-to-preneur vs. Ideapreneur: Which One Are You?
*Page 2*

Positioning: Always Know Who Your Competitors Are
*Page 3*

Pitch: The Most Effective Marketing Strategy Is to Simply Tell the Truth
*Page 4*

## THE SUMMARY IN BRIEF

Author Mike Kim has had a front-row seat to see how the mistakes people make, some unknowingly, can end up costing them their careers or, equally sad, can cause them to dislike the world they've created for themselves. So how you can you tell a better story about who you are so you can perform at peak levels wherever you are? Everyone already is a personal brand, whether they like it or not. But how you choose to cultivate that brand is a choice. Ignore it and let the world decide who you are, or be intentional and bring your best self forward.

***You Are the Brand*** isn't about cultivating some perfect persona of someone with zero faults. It's about asking basic questions, discovering your own answers, and building your personal brand around them. If you use the frameworks, tools, and exercises in *You Are the Brand*, you'll be rewarded with more opportunities, wins, and profits than ever before.

## IN THIS SUMMARY, YOU WILL LEARN:

- The difference between a how-to-preneur and an ideapreneur, why it matters, and where you fit.
- The three questions you must answer to build your personal brand.
- How to build a platform and effectively position yourself on that platform, launching products, setting pricing, and more.
- How to build pitches that make things happen and make partners that will support you to the end.

Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 225 Wilmington West Chester Pike, Suite 202, Chadds Ford, PA 19317 USA. • Copyright ©2021 by Soundview, Inc. All rights reserved. Reproduction in whole or in part is prohibited. • Subscriptions start at $99/year. To subscribe, visit summary.com. • October 2021 • Order #43SS10B Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer

## Introduction

***You Are the Brand*** is a book about building a business around you rideas, expertise, reputation, and personality—through building relationships. Marketing isn't about closing a sale, it's about opening a relationship. You open relationships with potential clients and partners by sharing yourself in an authentic way, not by hawking some doctored-up image of yourself.

What this book offers is a way to dig deep and identify your own personal brand. You'll discover who you are, what you have to offer, and how to market your ideas. It's going to take work and a bit of vulnerability on your part. But keep in mind that the more you put yourself out there, the more you will start to discover yourself.

It's not going to be easy, but if you build your personal brand with intention, you truly can create a highly profitable and personally fulfilling business. You truly can change your life while changing other people's lives. Are you ready to become the powerful brand you always have been, simply with more intention and ability to succeed than ever?

## Who Do You Have to Become?

Narrowing your career focus can be unsettling, like you're making a lifelong commitment to a particular market. But it's always possible to pivot later. There's a reason we use the word 'pivotal' to describe key turning points in life. In basketball, players work on planting the pivot foot in order to turn the rest of the body through the next move because it allows you to read the situation regardless of what you decide to do next.

Likewise, while it's possible for you to pivot later, it is vital you put roots down first, so if you decide to go in a different direction, you are able to move from a place of strength. Many people who are building their brand make the mistake of obsessing over the decision for months or even years, honing in on some idealized 'perfect' brand that will take them to the top. But guess what? In the time you're working on that perfect brand, your personal identity may have evolved and shifted. Better to launch sooner and pivot later.

## How-to-preneur vs. Ideapreneur: Which One Are You?

Now it's time to consider which of the two types of entrepreneurs you are: the how-to-preneur or the ideapreneur. One is not better or worse than the other, but there are distinct traits of each that will help determine how you should proceed. The answer to which path to follow may surprise you.

The how-top-preneur simply teaches people how to fix a problem or fixes it for them. The advantage of a how-to-preneur is that the problem they solve is very easily identified. The disadvantage is that there is a lot of competition. Think of all the people out there who show others how to get fit, how to make more money, or how to have better relationships. As soon as you enter the market with your brand, you'll be competing with all of them—many of whom may already have an established following, reputation, and niche.

An ideapreneur has a particular message, perspective, or philosophy they are trying to spread. The advantage of being an ideapreneur is that there isn't much competition in the market because the idea is usually unique. The disadvantage is that most people won't easily understand your idea or, worse, aren't convinced they have a problem that needs to be solved. Moreover, an ideapreneur may not always want to fix an actual problem at all. Often, they simply want to raise awareness about a specific issue.

The best ideapreneurs aren't just content with talking about a problem or raising awareness. They turn something vague like an idea into something concrete, like a movement. They inspire people to see the world in a new way and, as a result, to change their behavior and the world around them for the better. Does that sound like the type of brand you want to bring into your world?

## Point of View: The PB3

Want to discover what your unique point of view is? The answer falls in the middle of the following three questions:

**What pisses you off?**

What injustice, inconvenience, or glitch in the world leaves you mad every time you think about it? What can you go on and on about at a dinner party, to the point that other people start to wonder whether maybe you're a little obsessed?

**What breaks your heart?**

What unjust truth about the world is taken as a given by others, but you believe could be changed with the right action taken by the right people?

**What's the big problem you solve?**

What is the big, life- and world-altering problem that you're bold enough to go out and try to solve?

Question 1 is about the injustice you see in the world. Question 2 is about the compassion you carry inside. Question 3 is the purpose of your business. The intersection of these three things is where your point of view is found.

To put it bluntly: Find a problem that pisses you off, figure out how to fix it, and get paid to fix it. In its simplest form, business is nothing more than solving a problem for profit. But branding is more complex, especially in the personal brand space.

### Personal Stories: Never Be Blender Gray

As you craft your personal stories, a powerful aspect of your personal brand, don't overthink or overwrite. We overestimate perfection and underestimate connection. Actually, the opposite is true. People are looking for connection, not perfection. Lean into the power of your stories, and you'll ensure your messaging doesn't become blender gray.

Remember, marketing isn't about closing a sale; it's about opening a relationship. While it's initially awkward, the more you share your stories, the more comfortable you will be with them. Get your stories written! Once you have a story or two fleshed out, it's time to share them on your platform.

### Platform: Build Your Business Like the Chinese Zodiac

The reality is that in this day and age, our brands are like a shopping mall, and there are many entry points for people to encounter us. Some folks may hear of you through your podcast. Others may have heard you speak on someone else's podcast or at a conference. Still, others may follow you via any number of social media channels or saw a video of you circulating online. A friend or colleague may have referred you.

There is no shortage of places you can broadcast your message and share your story. Yet all of these roads should lead back to you and to your 'home base.'

Now matter how active or inactive we choose to be on social media, podcasts, or other platforms, it's vital we own our home base—like our own website or database of email addresses or phone numbers. This is important because you actually own those assets. No one can take them away from you.

## Positioning: Always Know Who Your Competitors Are

The three sub-identities of your brand are:

- Visual identity
- Verbal identity
- Value identity

Each of these sub-identities are like legs on a stool. If one is 'off,' then your entire brand will be unstable. If they're aligned, then you have a clear and cohesive brand identity.

The visual identity is what most people think of when it comes to 'branding' because those elements are so easy to identify. Your verbal identity is determined by copy: the written content you use for any and all marketing. Your value identity has to do with positioning. Positioning is all about where you sit relative to your competitors and how the public perceives your worth.

### Products: Validate, Create, Refine, Relaunch

Your first goal when creating a product is to get proof of concept. Hear this carefully: You cannot simply manufacture something and then market it, hoping it will sell.

Look at the marketing campaigns for any huge blockbuster movie coming out and you'll see they market the movie well before it's even finished. But during that time, they are continually pulling together small focus groups to give creators feedback on the product. Then they go on to the big launch.

**Here's the four-step process to follow when creating more robust offerings.**

Validate the key problem and identify the top result that prospects want.

Create a beta group and solve the problem with your prospects. This will naturally require you to coach, consult, speak, or write.

Refine the program and see if there is a better vehicle by which to solve the problem, whether it is an online course, workshop, book, or coaching. You'll be able to set up different income streams this way.

Relaunch the program and sell it in the new medium as a course, book, workshop, or some other product.

### Pricing: People Like to Buy, They Do Not Like to Be Sold

For most people, the recipe for pricing sounds like some exotic cocktail with equal parts of psychology, strategy, and time stirred together with a sprinkle of math. The good news is that if you are clear on your positioning and the kind of product you are offering, the price becomes a little bit easier to determine. Whether you price by the hour or in tiers, use common sense to create pricing that makes sense for your product and market and never short-sell your value.

It is amazing how we tend to overlook the value we provide others and then have pricing guilt when we quote clients. Don't overestimate others and underestimate yourself. Your gift is your normal. Your normal is someone else's 'weird.' They wonder how you can see things the way you do, solve problems the way you do, and create outcomes with just a few deft touches. Price accordingly.

## Pitch: The Most Effective Marketing Strategy Is to Simply Tell the Truth

Never think about marketing and pitching as trying to 'trick' your audience into believing in you. Your most effective marketing strategy is to simply tell the truth, plainly spoken. If you're having to 'sparkle' up your offering, then you need a better offering. Pitching is about getting to the very root of what you have to offer.

Regardless of what happens, you have to keep going. We have to keep pitching. We have to keep throwing big rocks into the pond. Next time you get a bit anxious about putting yourself out there and pitching an offer, just remember— even two people attending a webinar isn't a failure.

That big step into the next phase of making your brand into a movement doesn't have to come from a massive audience—it could come from one person being in the right place at the right time and launching your career into the stratosphere.

## Partners: Relationships Are Rocket Ships

Building relationships should always be an absolutely integral part of building your brand. The kicker? You can't just focus on building relationships with cool people— you have to become someone other people want to partner with. You have a point of view. You have authentic and powerful personal stories. Your positioning is clear, your platforms are growing, and you have products that solve real-world problems.

People may not be able to articulate exactly what draws them to partner with you, but you know the answer. It's because you are the brand. You've done the hard work. You've paid the price. You've walked the path. Now you're ready to step into and leverage partnerships that will skyrocket your influence, impact, and income.



Mike Kim believes marketing isn't about closing a sale, it's about opening a relationship. This refreshing approach has made him a sought-after speaker, online educator, copywriter, and consultant to some of today's top thought leaders and personal brands. He has also been a published contributor for leading business platforms including Entrepreneur.com, Inc.com, and the Huffington Post. Nowadays you'll find him speaking at conferences, looking for the next great place to scuba dive, and occasionally sipping a glass of single malt—all while coaching, serving clients, and recording his top-ranked (and rated) podcast, the Brand You Podcast.

***You Are The Brand: The 8-Step Blueprint to Showcase Your Unique Expertise and Build a Highly Profitable, Personally Fulfilling Business*** by Mike Kim. © 2021 by Mike Kim. Summarized by permission of the publisher, Morgan James Publishing. 224 pages, ISBN 978-1631953477. Summary copyright © 2021 by Soundview Book Summaries ®

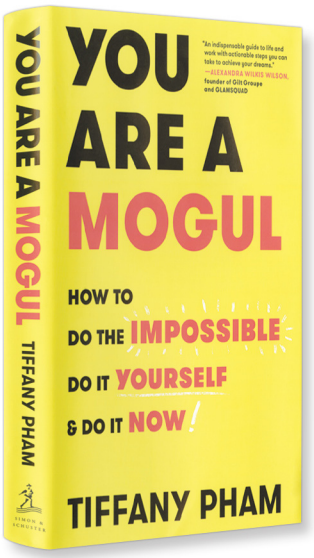
· Book 66 of 67 ·

# You are a Mogul

Tiffany Pham

soundview
Executive Book Summaries®

Entrepreneurship




# You Are a Mogul

## How to Do the Impossible, Do It Yourself and Do It Now

by Tiffany Pham

## THE SUMMARY IN BRIEF

Traditionally, the word "mogul" has been attributed to men. But Tiffany Pham has redefined it — now, when you Google the word, the top search result is the company she founded: Mogul. The platform enables millions of women to connect, share information and access knowledge.

How did a young woman — who arrived in the United States without speaking a word of English — turn a dream of connecting women into a fulfilling career and highly profitable company that has changed so many lives? Pham chronicles her path to becoming one of the most successful entrepreneurs of her generation, and offers advice on everything from overcoming self-doubt, to pursuing side hustles, to crushing it at work by over-delivering, all while remaining your authentic self.

*You Are A Mogul* addresses the new reality that few of us will work for one company for our entire career and that there is no one straightforward formula for a "good life." To succeed, we have to be agile, flexible and strategic. *You Are A Mogul* is an indispensable road map to a life and career that are demanding and challenging — but also exciting and full of opportunities, if you know where to look.

## IN THIS SUMMARY, YOU WILL LEARN:

- Why learning to value your voice is not optional — and how to do it.
- To be flexible while staying focused on your end goals.
- Tips for pitching yourself and your big idea.
- To stay motivated and inspired by keeping your "why" front and center.

## CONTENTS

**Pinpoint Your Passions**
Page 2

**Value Your Voice**
Page 3

**Crush It In Corporate Life**
Page 4

**Collaborate to Find Your Side Hustles**
Page 5

**Become a Mogul From Your Bedroom**
Page 6

**Ride the Rocket Ship**
Page 7

Published by Soundview Executive Book Summaries®, 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA
© 2018 Soundview, Inc. • All rights reserved. Reproduction in whole or part is prohibited. • www.summary.com
Vol. 40, Special Edition November 2018 • Order #40-SE11

# THE COMPLETE SUMMARY: **YOU ARE A MOGUL**

**by Tiffany Pham**

**The author:** Tiffany Pham is the founder & CEO of Mogul, one of the largest platforms for women worldwide, enabling them to connect, share information and access knowledge from each other. A coder, she developed the first version of Mogul, reaching millions of women per week across 196 countries and 30,470 cities. She was named one of *Forbes's* "30 Under 30" in media, *Business Insider's* "30 Most Important Women Under 30" in technology, *ELLE Magazine's* "30 Women Under 30 Who Are Changing the World" and many other awards.

From *You Are a Mogul: How to Do the Impossible, Do It Yourself and Do It Now* by Tiffany Pham. Copyright © 2018 by Tiffany Pham. Reprinted by permission of Simon & Schuster, Inc. 224 pages, ISBN 978-1-5011-9185-5.

Summary copyright © 2018 by Soundview Executive Book Summaries ® www.summary.com, 1-800-SUMMARY.

## Introduction

Four years ago, I sat in my bedroom and began creating a digital platform for women across the world. I wasn't outrageously ambitious about the numbers of women I would initially reach. I was a 27-year-old business school grad, working three jobs at once.

But I decided to try to build this idea I had on my own, in the hours I had to myself after my jobs were finished each night. Over a period of months, I taught myself how to code, showing my fledgling site to a few people for feedback.

And then, I sent it out into the world, unsure of what its impact and reach might be. But I was hopeful it could become a vehicle to show women exactly how much we are capable of — that when we come together, we can rise faster, go farther and truly change the world.

That platform ended up becoming Mogul, the company that I now run today, with offices in New York City, San Francisco and Paris. One of the largest platforms for women worldwide, Mogul reaches millions of people across 196 countries through its mobile app, the web, email, social media, books, TV, films and events.

Thousands of jobs are posted on Mogul each day. It offers award-winning Unconscious Bias, Inclusive Leadership and Gender Equity trainings. It addresses safety at work through cutting-edge harassment reporting tools. For every dollar Mogul earns, the company provides free educational resources to women in need through international partners such as the United Nations.

And though we find ourselves today at the pinnacle of success, it didn't come easy, and it didn't happen overnight. My journey, and the journey of Mogul, was fueled by unending determination and resilience, no matter how challenging the circumstances; a perpetual desire to learn more, become more; and the knowledge that, step-by-step, you can do anything you want to do and be anything you want to be.

Becoming a mogul isn't about becoming rich, although that is a pleasant side effect. It's about thinking for yourself, identifying and embracing your unique strengths and passions, and using those to make the world a better place.

So if you've ever been laid off, shut down, told no, doubted yourself or been doubted, then look no further. It doesn't matter how old you are or where you are starting from — anyone can become a mogul. Especially you. When we fully step into our power, there is no predicting the heights we can reach.

## Pinpoint Your Passions

How did I get to be so driven? I had powerful influences throughout my life that shaped me to dream big, learn everything I could and strive for excellence.

I was born in Paris, France, to Vietnamese and Chinese parents, and thus grew up speaking a combination of languages, including French and Vietnamese. Then, when I was 10, my family moved to Plano, Texas, and suddenly, my life transformed from a scene from *Amélie* to an episode of *Friday Night Lights*. It was a land of pickup trucks, McDonald's and American football. And we loved it, too, despite the differences.

I was extremely quiet in school. Not just because of my innate shyness but because I did not speak English well. I didn't know how to communicate with my teachers, let alone my classmates.

**1-800-SUMMARY**
**service@summary.com**

**Published by Soundview Executive Book Summaries®** (ISSN 0747-2196), 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 USA. Published monthly. Subscriptions starting at $99 per year. Copyright © 2018 by Soundview, Inc. **Available formats:** Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY, or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

**Rebecca S. Clement**, Publisher; **Sarah T. Dayton**, Editor in Chief; **Ashleigh Imus**, Senior Editor; **Kylie O'Connor**, Graphic Designer; **A. Imus**, Contributing Editor

I'm thankful now for how those early years of having to adjust to a new language and a new culture allowed me to learn how to belong anywhere, to be curious about new places and new ideas, and to be ready and willing to incorporate new perspectives into my growing worldview. Because to be a mogul, you have to see outside your current situation, and be willing to engage with the world, arms wide open to accept its lessons, its differing beliefs and its varied paths to influence and impact. The world is the greatest school there is, if you are open to its education.

My father and mother were exemplary role models in this regard. With each new city I moved to and each new job I took on, whenever I would face challenges, my father would remind me, "There is no such thing as failure as long as you are moving forward. As long as you're learning, in the end, you're succeeding. True failure is not doing, not trying. So fail forward, and you'll always find yourself where you are supposed to be."

Look back on your life, at moments where you felt like you failed. Now think about what lessons you took away and what doors were opened because of that failure. You tried; you learned. And odds are, you became that much better because of it.

### A Force of Nature

I had another such role model for excellence in my grandmother. She was a force of nature, a bold pioneer. She was among the first women to drive a car in Vietnam. She didn't let restrictions hold her back. At a time when other young women around the world suffered from lack of opportunities, she owned businesses across industries and would provide jobs to others in need. She was beloved by all and committed to helping the masses. She was a maverick of her time and an inspiration to me. She was a mogul in every sense of the word.

When my grandmother passed away, I remember vividly the moment when my father let me know. After initial moments of silence in our house, I went into a small closet and curled up on the floor in the darkness. And as sadness washed over me, I remember saying, "I promise I will make you proud. I promise I will make my parents proud. I promise."

In that moment, I vowed that I would do everything I could to follow in my grandmother's footsteps. I, too, wanted to be a pioneer, shattering people's expectations and being a role model to others. I, too, wanted to provide opportunities to those who needed them, and break down barriers. I would dedicate every waking moment to this goal. No matter how challenging.

I was still a teenager — braces, glasses, bowl cut and all. I didn't know exactly how I would accomplish that goal or what it might look like once I did. But from that moment forward, my mission was set, and the course of my life was changed.

I was lucky enough to determine a storyline for myself at an early age, but it is never too late to stop and think about the story you want to tell.

What problem is it that you are trying to solve? What is the one passion that drives all the various jobs that you've embarked upon thus far? Find a way to describe your career path — even if it has been nontraditional — as part of a storyline that has an interesting and purposeful narrative. It will not only help you on applications and job interviews but also might help you as you try to make decisions about what steps to take next. Where are you trying to end up? What is the ending of your story? And what could you do next to get you there faster?

## Value Your Voice

No matter what you hope to accomplish with your life, whether you want to create your own company, rise to the ranks of CEO, solve a problem in the world that is begging for a solution, or just live a life of purpose and meaning, to get there you've got to learn to speak up. You've got to recognize the power of your voice, the value of your ideas and that your perspective is urgently needed.

My decision to go to business school was a key part of my journey that gave me the confidence to speak up in a room full of people unlike me, to find my voice, and to figure out how to stay authentically true to myself even when I looked and acted different than most of the people in my industry.

But you should know that going to business school is not essential to becoming a mogul. However, I do encourage any woman who so desires to pursue a business degree. Experts say that more women getting MBAs is key to both closing the CEO gender disparity and addressing persistent systemic issues — most important, the gender pay gap.

Caucasian women earn 80 percent on the dollar compared with Caucasian men for doing the same job. And for women of color, the statistics are even more dire: 63 percent on the dollar for African-American women and 54 percent on the dollar for Hispanic women. Over the course of your career, that can add up to half a million dollars or more.

Harvard Business School (HBS) was a place where I was confronted with these realities head-on. There was no way around it: The majority of my classmates were Caucasian men, much older than me. The average age of our class was about 27, but my specific section was composed of some of the most experienced in our class, people who had spent up to a decade in various industries, with families at home. This degree would enable them to reach the C-suite at their companies once they graduated.

I immediately felt like an outsider. Not just an outsider but also an imposter. What did I have to contribute to the conversation? What did I know about running a business? I frequently felt like I had nothing to say.

But I soon learned that I could allow my age to limit me, or I could nonetheless bring my perspective and remember that it, too, had value.

### Address the Elephant in the Room with Humor

When I was generally the youngest person in the room and knew that age bias might work against me, I figured out a way to handle it when someone would ask my age. I would say, "I'm 40" with a smile, and they would laugh, because I did not look 40; if anything, I still looked 18.

Then, I would follow it up with a joke, "You just can't tell because I'm Asian!" Now I had put to bed two things that might have been elephants in the room, my age and my race. Let me tell you, people left me alone after that.

Gloria Steinem once said, "The truth will set you free, but first it will piss you off." Once I faced the truth of my situation head-on, I was set free and used humor to defuse a challenging situation. Humor is a great defuser. Let them realize through your humor how irrelevant it is for them to even ask your age.

The truth is, I didn't have time to be shy and hold back at Harvard. I had to learn how to speak up, and I had to learn fast, because at HBS, up to 50 percent of your grade can depend on class participation. I struggled with this new way of having to prove myself. But I know now that it was the most important lesson I learned at Harvard, and it has served me every single day in the years since I graduated.

### Secrets to Speaking in Front of Others with Confidence

To overcome my fear of public speaking, I developed key steps to help boost my confidence when sharing my voice. If this is a challenge you face as well, follow these key steps to master speaking in front of others:

- Write down the central ideas or thoughts that you wish to share. Practice reciting them over and over, until the words roll off your tongue. Then, for the meeting or speech, simply write down several key words that remind you of each main idea, in order to jog your memory, worrying less about the exact words to use and more about the message you're trying to communicate.
- Focus on looking the audience in the eye, instead of staying focused on your notes. I would locate one person (someone kind-looking or smiling) in each part of the room, with whom I would subsequently make regular eye contact. This would, in turn, make me more at ease.
- Take your time speaking, pausing as necessary. I had a tendency to speak quickly initially, in a rush to get over the pain. I realized that enunciating and speaking with intent made me appear more certain of what I had to say and, thus, made the audience feel more certain of what I had to say, too.
- Learn to add gestures that match your words. I would count off with my fingers if I was making points, "one," "two" and "three," which added energy and displayed further confidence.

## Crush It In Corporate Life

Despite the fact that I always knew I wanted to create my own company, I also knew I had a lot to learn before I was ready to do so. Therefore, I always approached every job I took on as an opportunity to learn a skill set that would help me down the road.

Too often, we look for opportunities that will enhance our résumés, instead of staying focused on "what could I learn here? And will this be an opportunity to experience something new?"

**Develop your skills**. Not all jobs are equal training grounds, however. So I advise you to think carefully about what jobs you take on. Dream big. And then make choices that will allow you to develop the skill sets to get you there one day.

**Stay focused on the end goal**. By the time I graduated from HBS, I had an offer to work full time at HBO within their Distribution and Marketing division, where I had interned the summer between business school years. But I was ready to expand my skill sets further. My finance skill set was on point. I had developed significant insight on distribution. I therefore accepted a job offer from CBS, where I would help lead strategic initiatives

and partnerships for the organization's growth, learning extensively as well as building relationships across the intersection of TV, radio, web and mobile. That would enable me to develop expertise in operations, strategy and business development. All that remained were content, marketing, branding, product and technology. Still a lot to tackle, but I would be well on my way to feeling competent and confident to start my own endeavor.

**Kill it by over-delivering**. There is one skill that I believe will be an accelerator for you no matter what job you find yourself in. You've got to kill it and over-deliver on every task you are given. And I mean every task. Your tasks may be as mundane as making coffee, scheduling appointments or answering the phone.

But those tasks can be performed impeccably well. Make the best cup of coffee you can, exactly how your manager likes it. Set up a scheduling system that never fails. Answer the phone promptly and kindly and as if a *New York Times* reporter were watching you and going to write a front-page article about how you answered that phone. You see, the key is not just doing those tasks well but to go above and beyond what is asked of you.

**Discover your differentiator**. During my tenure at CBS, I quickly developed a specialty in an area that comparatively few else within the industry had expertise in at the time: digital distribution. This was a new trend in the marketplace. Because of the insights I had gained while at HBO, and because there was no veteran at CBS dedicated to this continually evolving realm, it soon became my domain, despite my age and lack of tenure.

Find your differentiator, or a skill set that you develop that few others have. This allows you to rise quicker because you are the only one people can turn to. Being different is good; use it to your advantage.

**Become an "intrapreneur."** An "intrapreneur" is someone who takes the mindset of an entrepreneur and applies it to the company that they work for. This is an extremely valuable skill set in any job. Don't be afraid to show this side of you in the workplace. When there is a new project being discussed or you see an opportunity forming where no one else is paying attention, speak up and offer to spearhead that initiative. Pay attention to what your manager's highest priority is or what they feel is lacking, and then deliver a solution.

**Ask for what you want (because no one else will ask for you)**. In a 2015 PayScale survey, 57 percent of people don't ask for raises, and women are less likely to ask for raises than men. So we have to learn to ask. But this is so much bigger than asking for a raise or a promotion. Speaking up is a global issue that women face. When you don't ask for what you want, you don't give yourself the chance to receive it. Voice your hopes and opinions.

## Collaborate to Find Your Side Hustles

"You have the same number of hours in the day as Beyoncé."

Whether you love or hate this quote, there is some truth to it. We all get 1,440 minutes a day, and while eight to 10 hours may be dedicated to your job, you also have another 14 hours that are all your own. Hours where you can be pursuing opportunities that are related to your dream job, expanding your network, and strengthening your résumé and skill sets apart from what you do during business hours.

I know you may feel tired at the thought of devoting your "free time" to more "work." But the work that I have done in my side hustles was not only the most exciting but the most energizing as well. It was these different roles outside my corporate job that led me to be one of *Forbes* magazine's "30 Under 30," unintentionally leading to the creation of Mogul. Because I took on multiple side hustles, I had established a deep portfolio of work and friendships, as well as opportunities that begot more opportunities.

**Reach out to your role models**. The starting point for finding work to do in your after-hours is to think about people you know — people who are doing what you want to be doing, or working in the industry you aspire to join. Then reach out to see if there is a way for you to get involved in what they are doing. You aren't looking for a job. You will most likely not get paid. You aren't looking to take something from them. Instead, you are investigating ways that you can continue learning outside regular business hours by helping *them*.

**Discover through doing**. If your day job isn't your passion, use those extra hours to discover what it is you truly love to do. Leaders in any industry often have side projects that they barely have time for, and if you can become their go-to person to support them in these endeavors (for free), you learn a ton and continue to get more opportunities to serve, support and learn.

**Create the opportunity yourself**. Another way to find projects for your after-hours is to make sure that you are staying engaged in the industry you want to work in.

Attend events, dinners and conferences where you might have a chance to connect with people who could offer you rewarding opportunities to step in and help.

**Collaborate as friends, then partners**. One thing that has always served me well is that when I attend industry events, I don't think of it as networking but as an opportunity to build relationships and make friends. Networking can be perceived as cold, transactional and short term. Collaboration is warm, focused on friendship and support, and can last for a lifetime.

**How to get it done**. So let's get down to the nitty-gritty. How do you find the time to do all of this while you have a full-time job? I won't lie to you: It takes a lot of discipline.

If you are someone with a lot of energy and a love of learning, you may embrace having a lot going on. It is good for your soul. It means that you consciously choose not to spend your evenings binge-watching television shows, nor spend endless hours on social media. You will stay connected to what is going on in the world and in your networks every day, but won't allow it to consume hours that you know could be productive.

Once you hit the spot where you are finally working in the job of your dreams, your after-hours can be less focused on side hustles. Or if you aim to be an entrepreneur, you'll want to pour everything into your company if you've finally launched it. But for those years when you are still trying to discover what you are meant to be doing with your life, or when you know what you want to do but still feel so far from accomplishing your goal, that's when these side projects are essential.

## Become a Mogul From Your Bedroom

At some point, you are going to be faced with a choice: "Can I commit to making these side hustles my full-time job? Am I ready to realize that I have learned enough, interned enough, shadowed enough, and now it is time to step into the arena?"

It happened for me when I was 27 years old. Throughout the previous year, while I had been working feverishly at CBS, I had been dedicating my nights to the Beijing International Screenwriting Competition. As the global head of marketing, I'd been executing on our strategies, coordinating with schools, collaborating with talent agencies and speaking with the press *a lot*. In addition, I'd taken on two more film producing roles during this time.

And then one morning, in January 2014, I woke up later than usual. I leaned over to grab my phone and put on my glasses. As the screen came into focus, I saw a text from a former colleague named Scott: "Congratulations Tiffany!"

My heart started racing. I sat up and clicked on my email. I had hundreds of new messages. One was from a former HBS classmate: "Tiffany! So excited that you made this list!"

I was listed in *Forbes* magazine's "30 Under 30," alongside Pete Cashmore of Mashable, David Karp of Tumblr and Tavi Gevinson of Rookie. I had no idea I was being considered. As you can imagine, I was floored.

The news spread like wildfire. It was a whirlwind of a day, with more texts, emails and calls from friends and family, thrilled for me and excited to celebrate. But what I didn't expect was the outpouring of support I received from people I didn't know, who were curious about how I had found these various opportunities.

The email onslaught didn't stop after that first day. I would come home from a full day at CBS to an inbox teeming with emails from people I didn't know, many of them from young women around the world. They wanted to know what articles I was reading, how I'd gotten the three different jobs featured in the *Forbes* article, what resources I was accessing for opportunities.

Some wrote long emails from Asia, detailing the struggles they were facing living in cultures that didn't necessarily support the advancement of women. I learned about the term "leftover women," referring to any woman who was unmarried after the age of 25. I was also receiving notes from women from Chicago to Dallas, who wished, too, to strive for significance and success on their own terms.

From the very first message I received, I vowed to answer each and every single one. I had always hoped to create a company to empower women. This was my small way of beginning to fulfill that mission, even if it was just from my bedroom in the middle of the night.

Soon I began to receive responses to my emails, young women telling me that my letter had changed their lives. They told me they had received that interview, that promotion or discovered a new opportunity due to the encouragement and advice I had provided. Every single time I read these notes, I would get goose bumps. This was the power of the Internet, that I could connect with these women who lived across the globe from me, that I could provide vital feedback that wasn't available to them where they lived, and that their lives would be changed for the better. I couldn't get enough of it.

It was then that I began to wonder: What if there was a site where millions of us all could share our learning among each other? A place for real discussions, real advice?

What if instead of sharing all of this information one-on-one behind the scenes, there was a platform for all of us to exchange our various advice and insights and ideas, from the ground level? What if we created an online community where everyone was — or could become — a mogul?

### Just Get Started

I felt like I knew that there was an opportunity brewing and, if I worked hard enough, I could create the exact platform I was envisioning. The only problem was that I didn't know how to build a platform. And I certainly didn't have the funds to hire a team of engineers.

I thought to myself, "If I was willing to take the time to learn how to code, I could build this platform myself." Deep down, I felt like this was probably the next step for me. The moment that I had been preparing for all my life when I would finally be ready to create something on my own.

I'm not going to lie; those initial first steps were painful. And they may be for you, too. Don't get discouraged. Page by page, I built a very basic website, which was initially a simple grid of pictures. Despite its simplicity, it had all the functionalities that I thought could help women from around the world connect and share what was most important to them, their real lives, their real selves.

Melinda Gates recently tweeted, "Take it from Tiffany Pham: If you want to build a perfect business, start with an imperfect idea." I'm so honored by those words. But it has been true for me, and I share this with you in the hopes it will be true for you. I was willing to put something out there that was still essentially being developed, and Mogul's interactions with its users and the world allowed it to evolve into the Mogul it is today.

## Pitch Yourself and Your Big Dream

The weeks and months that came after the initial launch of Mogul were critical to making sure that Mogul thrived on a solid foundation, rather than becoming yet another new media company that bursts onto the scene, only to fade away soon after. I was aware of the bleak statistics: 90 percent of startups fail.

I had a long road ahead of me. I would need to bring on investors in order to keep our momentum going and to ensure that our rapid growth did not lessen.

This can be the scariest part for some people: when you have to trust your idea, get up in front of people and pitch who you are and what you are doing; when you have to let go of controlling every aspect of your concept and bring on partners to further your growth and expansion. But understanding that you can't go it alone is a key moment in every dreamer's growth.

**Always reciprocate**. I've learned time and time again that opportunities often come down to the people you know and how much they are willing to put their necks out for you. You never know how the next person you meet might be able to open doors for you. So always be kind, be generous and be willing to go the extra mile. When they do that in return, it could be the very opportunity you've been looking for.

**Fostering FOMO (fear of missing out)**. Creating FOMO in an investor means they are more likely to invest because they don't want this potential unicorn to pass them by. You make them want to be the one who saw the seeds of greatness early on and didn't miss the boat. It is a powerful tool to use. It requires a delicate balance. You don't want to oversell what you are doing, but you want to approach people with the sense that you are going to be hugely successful with or without them.

**Make the professional more personal**. Venture capitalists don't invest in products; they invest in stories and people. It's important to give them a reason to care. Mogul was not a company that was solely focused on a business plan but on a mission, and a mission is always personal. It is always about people. Yes, my goal was to make money for investors, but my personal goal was to take the profits that Mogul generated and use them for further social impact. The end goal was not money. It was impact.

## Ride the Rocket Ship

Mogul is frequently portrayed in the media as a rocket ship. We are often asked, "How did you rise so far so fast?" I believe it has been thanks to a commitment to stay true to ourselves, remain focused on our vision and, ultimately, to always circle back to our mission, or why we built Mogul in the first place. These are some of the guidelines I used for growth, trusting my gut and always knowing we were heading in the right direction:

**The Three Cs: Communication**. We believe in absolute transparency and real-time feedback in our offices. My door is always open, and I encourage our team members to come to me about anything. Throughout the day, I'm constantly walking around the offices talking to

people. "What more can I do to support you today? How are things going?"

**Collaboration**. At Mogul, whether you are a senior leader or a direct report, everyone collaborates as equals, as partners. On Mondays, I meet with our executive team. On Wednesdays, I meet with every department, back to back, in 45-minute time slots. This midweek check-in allows us to refocus on goals, any new opportunities and our mission. Once a month, we have a Monday town hall when everyone in the company gets together to collaborate on our most challenging initiatives.

**Celebration**. At Mogul, we work hard and we celebrate when things go well. We therefore share wins in real time across the company, via an internal Mogul channel called #wins. Anyone who has a win can post an announcement that allows the rest of the company to cheer along with that person. This creates ongoing minute-by-minute momentum and high morale throughout the day and week.

**Discover what traits breed success**. One way to know whether someone or someplace is a cultural fit for you is to determine what traits you value the most in an employer or team member. Do you value ambition and the hustler mentality? Do you value a collaborative spirit or creative thinking? You want to make sure that you select the right people. Take time to figure out a process that is right for you, and stick to it. Trust your gut. If there are any red flags, heed them, and wait for the right person to come along to fill the role.

**Keep your eyes open for what might come next**. It is important to always be open to where your company might be wanting to grow. Look for signs that it is the right time for expansion. Sometimes we have set ideas for what we want to accomplish, but we don't know the exact timing. By being flexible yet strategic, you stay focused on what you want to eventually accomplish but allow the correct timing to reveal itself.

## Rely On Your Why

I didn't create Mogul to make money. I created Mogul to offer opportunities to women: opportunities for connecting, sharing, learning and growing. I did it to amplify women's voices around the world, so they could express their unfiltered opinions without fear, find community and inspiration, and learn new skills. I did it to honor my family, my parents, for all the sacrifices they made for my siblings and me.

To me, an empire is not created to amass dollars in the bank but to create lasting and global impact. This is my "why." The "why" behind Mogul is what keeps me going. No matter how long the days get, when I remember my "why," I'm always reenergized, refocused and ready to see what other problems Mogul might be able to solve.

It does not matter where you are on your journey. Right now, figure out "why" you are going after what you want. Keep that "why" in front of you every step of the way. It will never lead you astray.

Even if you've never considered your "why," I invite you to move beyond individual motives. How could you, and only you, help us create the changes we need in this world? To be mission-oriented is to be focused on accomplishing something outside of rising in the ranks or pulling in more cash for yourself. It means impacting change in some way, creating hope or opportunity in areas that desperately need it.

It can be a global need, like addressing rights for immigrants, or a personal issue, like helping to put your niece through college. But either way, when your "why" involves giving back to others, it pushes you forward and allows you to work harder and longer, because you know your end goal is bigger than yourself.

Why are you sacrificing so much sleep in your side hustles? Because you remember your "why": you want to develop a skill set to be able to achieve your goal. Why are you dealing with so many "nos"? Because you know you will one day get a "yes" that could change your life.

Being a mogul means knowing that with your hard work, dedication and passion, you have what it takes to make the impossible possible. So don't let anyone convince you to give up on your dreams, or let anything stand in your way. Let this story serve as proof that there's no limit to what you can do.

You are the Mogul the world needs.

### MORE SV CONTENT ON ENTREPRENEURSHIP

**Summary: *Crushing It!* by Gary Vaynerchuk**. *Crushing It!* is a state-of-the-art guide to building your own path to professional and financial success, but it's not about getting rich. It's a blueprint for living life on your own terms. Gary Vaynerchuk offers advice on how to follow the Crush It! principles and become a success on several emerging platforms.

**Webinar: *The Freaks Shall Inherit the Earth* by Chris Brogan.** Dare to do something that "everyone else" doesn't. In this *Soundview Live* webinar, successful entrepreneur Chris Brogan explains step-by-step how to build your business from the ground up, all without compromising your unique mindset and personal values.

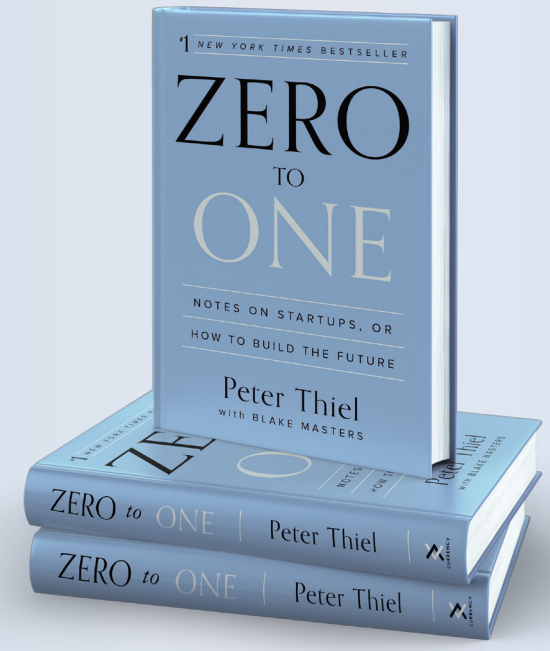
· Book 67 of 67 ·

# Zero to One

Peter Thiel

# BOOK SNAPS™

Zooming In On Your Next Read




## Zero to One

By Peter Thiel

Peter Thiel is an entrepreneur and investor. He started PayPal in 1998, led it as CEO, and took it public in 2002, defining a new era of fast and secure online commerce. In 2004 he made the first outside investment in Facebook, where he serves as a director. The same year he launched Palantir Technologies, a software company that harnesses computers to empower human analysts in fields like national security and global finance. He has provided early funding for LinkedIn, Yelp, and dozens of successful technology startups, many run by former colleagues who have been dubbed the "PayPal Mafia." He is a partner at Founders Fund, a Silicon Valley venture capital firm that has funded companies like SpaceX and Airbnb.

Copyright © 2014 by Peter Thiel • Currency; Illustrated Edition

# Believing in Building a Better Future

It's an understatement to say that author Peter Thiel is an expert in the fields of investment, entrepreneurship, and startups. He is the founder and former CEO of PayPal and was the very first outside investor in Facebook. He provided early funding in companies like LinkedIn and Yelp, as well as funding SpaceX, Airbnb, and dozens more as part of the group now dubbed the "PayPal Mafia." In ***Zero to One,*** Thiel shares his unique perspective on what it takes for startups to succeed and the role technology plays in shaping the future.

*Zero to One* has its roots in a set of detailed class notes taken by co author Blake Masters from a class on startups taught by Thiel at Stanford in 2012. The resulting book was written from the "contrarian premise" that we are currently experiencing "technological stagnation." Progress has long been sequestered to Silicon Valley, but Thiel asserts that progress is possible in any 'industry or area of business" so long as leaders can learn to think for themselves. They must break free from competing within an already established industry, simply adding more to something already familiar, thus, going "from 1 to n." Tomorrow's "champions" have to establish truly innovative and revolutionary businesses that are entirely unique. Only by doing something truly new can we go "from 0 to 1."

"The act of creation is singular, as is the moment of creation, and the result is something fresh and strange." Bill Gates went from 0 to 1 with an operating system. Mark Zuckerberg did it with a social network. Instead of jumping off the work of their competition, leaders need to learn from them. And Thiel believes that the stakes are very high. The very future of business in America is on the line.

## A Detailed Look at 1 to n vs. 0 to 1

When we imagine what the future looks like, progress can come in two different forms. "Horizontal progress means copying things that work—going from 1 to n." This kind of progress, also called extensive progress, is "easy to imagine" because we already see it all around us. From a macro perspective, a single word that is synonymous with horizontal progress is "globalization." "China is the paradigmatic example" of this kind of

***Book Snaps™*** is a publication of Soundview Inc. • 2 Christy Drive, Suite 302, Chadds Ford, PA 19317 • © 2021 Soundview, Inc. All rights reserved. Reproduction in whole or part is prohibited • Meghan P. Kozak, Editor-in-Chief • Kylie Waytuck, Graphic Designer • Reviewed by Kristen Cudd • Order #FBR0121B

progress. They have been methodically copying every innovation of the rest of the developed world for over a century.

Going from 0 to 1 is referred to as "vertical of intensive progress."This kind of progress is "harder to imagine because it requires doing something nobody else has ever done." The single word synonymous with this kind of progress is "technology." Technology is usually used to describe the leaps made in information technology, mostly in Silicon Valley. However, it should be more "properly understood as any new and better way of doing things."

Both modes of progress can happen to one degree or another at the same time. The world has experienced periods of rapid expansion in both ways and times when one mode was dominant over the other. "Since 1971, we have seen rapid globalization along with limited technological development, mostly confined to IT." Thiel's position is that the future of progress rests in our ability to move away from 1 to n and towards 0 to 1. If we continue seeing globalization outpace technology, the results will be "environmentally catastrophic" and lead to "devastation, not riches." The imagination and creation of new technologies is the only way to "make the 21st century more peaceful and prosperous than the 20th." This is where startups step in. Startups get stuff done. People working in startups are the "largest group of people that can be convinced of a plan to build a different future."

## Lessons from the Dot Com Crash

When a once new financial instrument collapses and goes the way of the dodo, we call it a bubble that has burst. The stock market crash of 1929 was the biggest such bubble until the dot com "craze" of the 1990's. Thiel believes that "the lessons learned afterward define and distort all thinking about technology today."

The internet took off when Netscape released its user-friendly browser Navigator. It dominated the browser market, holding 80% of it, and the company issued an IPO in August 1995 "even though it wasn't yet profitable." Other tech companies followed suit and stock values began skyrocketing. There were plenty of skeptics, including then Fed chairman Alan Greenspan who issued a warning a full three years before the actual bubble burst saying "irrational exuberance" on the part of the investors may have "unduly escalated asset values." Put simply, the "market had gone crazy" and it was only a matter of time before this "New Economy" had it's reckoning and "page views" were no longer given higher ranking than profits as a "financial metric."

Meanwhile, the "Old Economy" suffered a string of devastating blows. The late 90s saw near-total collapses of the economies of Thailand, Indonesia, and South Korea, and Russia due to "crony capitalism and massive foreign debt." American investors became very nervous with the news from Russia and a "chain reaction" was set off which eventually resulted in the downfall of "highly leveraged U.S. hedge fund" Long-Term Capital Management. The euro was launched in the last year of the decade and its value began slipping almost right away. The signs seemed clear. "The Old Economy couldn't handle globalization. Something needed to work–and work in a big way–if the future was going to be better at all. By indirect proof, the New Economy of the internet was the only way forward."

The intense period of "dot-com mania" ran its course during "18 months of insanity from September 1998 to March 2000." Likened to the Gold Rush, people flocked to SIlicon Valley to launch "dozens" of startups week after week. Stable, well-paying jobs were left behind in pursuit of tech riches, which were often backed by companies that were actually losing, not making, money. Simply tacking .com to the end of a business name seemed to "double its value overnight." It was pure insanity and Thiel, who was running PayPal at the time, was "scared out of his wits." There was an "alarming casualness" everywhere Thiel turned. Huge sums of money were being exchanged "starting and flipping companies" in an atmosphere that treated sanity as eccentric. It had to end and it certainly did, in a majorly damaging way.

In March 2000 the NASDAQ peaked at over 5000. In October 2002 it bottomed out at just over 1000. The market collapse led to a big swing in the other direction. The economy turned again to globalization, moving away from "clicks" and back to "bricks." That being said, there were many who "stuck with Silicon Valley after the crash and those who survived were huge winners.

Thiel describes four lessons learned from the crash that are still used as a guide for startups today, even though, in his opinion, they "should be abandoned."

1. Small steps forward are far safer than giant, "change the world" leaps.

2. Companies should remain "lean and flexible," which is "code for unplanned."

3. Real businesses "start with an existing customer" and thus, startups should identify products of the competition and seek to improve upon them.

4. The focus should be on the product, which should sell itself without targeted advertising or a sales force behind it.

Thiel says that these "lessons have become dogma in the startup world" and some believe that ignoring them is to "invite doom." In reality, following near-opposite principles would lead to better outcomes for some. In other words, there is no one right way of doing things. There is no prescription for startup success. Thiel contends that startups would be best served by thinking for themselves, not following a set of rules. Instead of trying to plug themselves into a formula or compete with others, they should attempt to stand out and be singular.

## Becoming a Monopoly

A catastrophic mistake that countless entrepreneurs make is becoming overly focused on short-term growth. Startups should be fixing their sites far down the line, attempting to answer the question, "will this business still be around a de-

> [In assembling the team], Thiel wanted to work with people who had strong relationships with each other, that would improve not only their happiness at the job, but make them better at doing it.

cade from now?" The answer lies not in numbers, but rather in "the qualitative characteristics" of the business. Startups should be designed to become monopolies that are analyzed around the following characteristics:

1. Proprietary Technology: This is the single most important characteristic as it "makes your product difficult or impossible to replicate." Ensuring that your proprietary technology is "at least 10 times better than its closest substitute" is the way to achieve a "monopolistic advantage." Thiel calls these "10x improvements" and he points to PayPal's partnership with eBay and Amazon's direct shipping from suppliers as prime examples.

2. Network Effects: This is the result of a product or service becoming increasingly more useful as more and more people use it. In order to work, the network must start out very small and be "valuable to its very first users." Mark Zuckerberg started Facebook with the goal of getting Harvard classmates to sign up, not "to attract all people on Earth."

3. Economies of Scale: Starting a business, especially in technology, can be very expensive. The fixed costs associated with product creation need to be "spread out over ever greater economies of scale." Huge advantages can be realized in a software startup, for example, because "the marginal cost of producing another copy of the product is close to zero."

4. Branding: Brands are monopolized by their very definition. They provide a powerful opportunity to "claim a monopoly" when they are strong. Apple is "today's strongest tech brand." Design choices, user experience, and premium pricing "all contribute" to the perception that Apple is in a category all its own.

## Recruiting for the Mafia

Peter Thiel built a team at PayPal that consists of individuals who have spun off into their own highly successful tech orbits. This group of serial investors has become known as the PayPal Mafia. The team "sold PayPal to eBay for $1.5 billion in 2002. Since then, Elon Musk has founded SpaceX and co-founded Tesla Motors; Reid Hoffman co-founded LinkedIn; Steve Chen, Chad Hurley, and Jawed Karim together founded YouTube; Jeremy Stoppelman and Russel Simmons founded Yelp" and more, with each and every one of the new companies valued at "more than $1 billion each." These are insanely impressive results that Theil credits to a culture that was "strong enough to transcend the original company."

In assembling the team, Thiel went past a "merely professional view" and extended his focus far beyond financials. Instead, he wanted to work with people who had strong relationships with each other, that would improve not only their happiness at the job, but make them better at doing it. He wanted to "hire people who would actually enjoy working together." Having talent was certainly a prerequisite, but more than that, "they had to be excited about working specifically with" PayPal. With that framework set, the team was assembled and the PayPal Mafia was born.

Startups should endeavor to create their own "mafia" through viewing recruitment as a "core competency" that "should never be outsourced." In recruiting talent, a new company has to clearly articulate what makes them different. Specifically, employees need to know what is "compelling about your mission," such as what the company is doing "that no one else is going to get done." New talent will also need to know what is attractive "about your team." If it is unclear why this person is a good match, then he or she probably isn't a good match. Avoid what Thiel calls the "perk wars, " trying to win someone over with promises of free day care and happy hours. Instead, recruiting should convey that working at the startup is an "opportunity to do irreplaceable work on a unique problem alongside great people." Every single new hire "should be equally obsessed" with the mission and other people involved.

Peter Thiel goes well beyond the realm of expert. His unparalleled success in the startup arena is legendary. This book gives readers a front row seat in Thiel's Stanford class, gaining access to insights and information once only afforded to those present ivy leaguers. We have become complacent in our stability and are running the very real risk of falling into ruin in the not-so-distant future. We have allowed "big plans for the future to become archaic curiosities." Our greatest success stories are attributed to luck, fate, and even "incredible planetary alignment." Thiel wants us to know that we have our smarts, our visions, and our laser focus to thank for how far we have come, not dumb luck.

We are not lottery tickets. We are leaders. We can steer the ship and control our own destiny, and in fact, we must. Thiel charges today's risk takers with a very clear challenge to put the world on the right path. Startups should not seek to improve, they should seek to truly innovate. Leaders must look to themselves for fresh ideas that will change the very world and the way we view it. They must develop ideas that go from 0 to 1.